

**TOWNSHIP OF UPPER DEERFIELD  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2013**

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## **PART I**

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Township Committee  
Township of Upper Deerfield  
1325 Highway 77  
Seabrook, New Jersey 08302

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Upper Deerfield, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Other Matters***

#### ***Other Information***

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

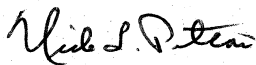
The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2014, on our consideration of the Township of Upper Deerfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Upper Deerfield's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

May 1, 2014



## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance	Balance
		Dec. 31, 2013	Dec. 31, 2012
<b>Regular Fund</b>			
Cash - Treasurer	A-4	5,046,038.40	5,111,145.89
Change Fund	A-5	420.00	420.00
		<u>5,046,458.40</u>	<u>5,111,565.89</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	543,273.14	559,621.44
Tax Title Liens Receivable	A-8	76,979.77	65,933.89
Property Acquired for Taxes - Assessed Valuation	A-9	551,200.00	551,200.00
Clean Up Charges Receivable		898.87	173.98
Revenue Accounts Receivable	A-10	27,753.38	24,341.89
Due from Animal Control Trust Fund	B	162.70	6,768.59
Due from Uniform Fire Safety Penalty Fund	B	21.91	21.90
Due from Accumulated Absence Trust Fund	B	60.23	53.81
Due from Escrow Trust Fund	B	7,302.21	7,924.90
Due from Tax Sale Premium Fund	B	68.57	47.46
Due from Snow Removal Trust Fund	B	123.38	77.42
Due from Donations - Senior Citizen Center	B	14.36	13.57
Due from Public Defender Trust Fund	B	5.13	5.08
Due from General Capital Fund	C	21,963.64	
Due from Utility Operating Fund			32,391.20
Prepaid Local District School Tax			100.00
Prepaid Regional School Tax	A-17	59.54	60.01
Prepaid Payroll Taxes			15,172.90
		<u>1,229,886.83</u>	<u>1,263,908.04</u>
Deferred Charges:			
Special Emergency Appropriation	A-11	101,760.00	152,640.00
		<u>6,378,105.23</u>	<u>6,528,113.93</u>
<b>Federal and State Grant Fund</b>			
Grants Receivable	A-6	788,141.45	779,266.73
Due from Current Fund	A	172,182.13	14,557.58
		<u>960,323.58</u>	<u>793,824.31</u>
		<u>7,338,428.81</u>	<u>7,321,938.24</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2013</b>	<b>Balance Dec. 31, 2012</b>
<b>Regular Fund</b>			
Liabilities:			
Appropriation Reserves	A-3:A-12	451,782.00	429,331.09
Encumbrances Payable	A-13	285,242.85	310,943.75
Accounts Payable	A-14	10,000.00	40,838.00
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-15	37,725.79	38,107.66
Prepaid Taxes		182,934.30	164,158.24
Tax Overpayments		7,689.98	13,901.76
Reserve for POAA Fees		16.00	8.00
Reserve for Tax Appeals Pending		350,000.00	350,000.00
Due State of New Jersey - Fees		2,600.00	6,231.00
Due Deerfield Township - UCC Fees		903.00	5,180.00
Due Federal and State Grant Fund	A	172,182.13	14,557.58
Due Recreation Trust Fund	B	496.51	515.30
Due Utility Operating Fund	D	17,723.86	
Due General Capital Fund			554.53
Local School Tax Payable	A-16	0.50	
Due County for Added & Omitted Taxes		32,601.97	15,552.92
		<u>1,551,898.89</u>	<u>1,389,879.83</u>
Reserve for Receivables		1,229,886.83	1,263,908.04
Fund Balance	A-1	3,596,319.51	3,874,326.06
		<u>6,378,105.23</u>	<u>6,528,113.93</u>
<b>Federal and State Grant Fund</b>			
Encumbrances Payable	A-13	315,806.00	390,856.35
Reserve for Grants - Appropriated	A-18	602,611.95	355,684.51
Reserve for Grants - Unappropriated	A-19	41,905.63	47,283.45
		<u>960,323.58</u>	<u>793,824.31</u>
		<u>7,338,428.81</u>	<u>7,321,938.24</u>

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

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

<b>Revenue and Other Income Realized</b>	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	A-2	1,935,527.76	2,206,925.15
Miscellaneous Revenue Anticipated	A-2	2,752,981.93	2,600,290.38
Receipts from Delinquent Taxes	A-2	585,245.86	545,447.74
Receipts from Current Taxes	A-2	15,501,362.08	15,142,352.41
Non-Budget Revenue	A-2	847,741.25	893,609.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	410,354.05	504,414.91
Encumbrances Payable Canceled	A-13	100,416.67	15,032.44
Accounts Payable Canceled	A-14	247.80	
Interfund Loan Returned		39,491.76	5,383.86
Grant Reserves Canceled	A-18	98,166.56	17,779.75
Unappropriated Grant Reserves Canceled	A-19	500.00	
<b>Total Income</b>		<u>22,272,035.72</u>	<u>21,931,235.65</u>
<b>Expenditures</b>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	985,793.00	1,037,604.00
Other Expenses	A-3	2,230,700.00	2,084,200.00
Deferred Charges and Statutory			
Expenditures	A-3	218,089.41	227,019.00
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	182,000.00	155,000.00
Other Expenses	A-3	812,175.06	793,881.98
Capital Improvements	A-3	288,000.00	360,000.00
Deferred Charges	A-3	50,880.00	50,880.00
County Taxes	A-7	6,075,985.52	5,953,312.50
Due County for Added Taxes	A-7	32,601.97	15,552.92
Local District School Tax	A-7	6,838,495.00	6,707,157.50
Regional High School Tax	A-7	2,794,169.00	2,862,239.33
Prior Year Deductions Disallowed	A-15	3,250.00	6,750.00
Grants Receivable Canceled	A-6	75,466.91	728.39
Interfund Loan Advanced		21,408.64	40,735.58
Deduction Surcharge	A-4	5,500.00	
<b>Total Expenditures</b>		<u>20,614,514.51</u>	<u>20,295,061.20</u>

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

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

	Ref.	Year 2013	Year 2012
Statutory Excess to Fund Balance		<u>1,657,521.21</u>	<u>1,636,174.45</u>
<b>Fund Balance</b>			
Balance January 1	A	<u>3,874,326.06</u>	<u>4,445,076.76</u>
		5,531,847.27	6,081,251.21
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,935,527.76</u>	<u>2,206,925.15</u>
Balance December 31	A	<u><u>3,596,319.51</u></u>	<u><u>3,874,326.06</u></u>

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

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget 2013	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	1,935,527.76		1,935,527.76	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-10	75,000.00		96,373.62	21,373.62
Emergency Medical Services Billings	A-10	237,240.00		278,342.82	41,102.82
Energy Receipts Tax	A-10	1,354,938.00		1,354,938.00	
Uniform Construction Code Fees	A-10	95,000.00		117,499.00	22,499.00
Deerfield Township - Uniform Construction Code	A-10	22,000.00			(22,000.00)
Transportation Trust Fund	A-6		188,000.00	188,000.00	
Recycling Tonnage Grant	A-6	40,504.77		40,504.77	
Clean Communities Program	A-6	12,657.73	2,203.47	14,861.20	
Alcohol Education and Rehabilitation	A-6	947.09		947.09	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	39,000.00		39,000.00	
Small Cities - Rehabilitation	A-6	200,000.00		200,000.00	
Small Cities - Facilities	A-6	399,640.00		399,640.00	
Uniform Fire Safety Act	A-10	24,122.65		22,875.43	(1,247.22)
Total Miscellaneous Revenues		2,501,050.24	190,203.47	2,752,981.93	61,728.22
Receipts from Delinquent Taxes	A-2	525,000.00		585,245.86	60,245.86
Subtotal General Revenues		4,961,578.00	190,203.47	5,273,755.55	121,974.08
Amount to be Raised by Taxation	A-2	280,000.00		424,254.59	144,254.59
Budget Totals		5,241,578.00	190,203.47	5,698,010.14	266,228.67
Non-Budget Revenues	A-2			847,741.25	
		5,241,578.00	190,203.47	6,545,751.39	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

<b>Analysis of Realized Revenue</b>		Ref.	
Allocation of Current Tax Collections:			
Revenue from Collections	A-7		15,501,362.08
Allocated to:			
School and County Taxes			15,741,251.49
Deficiency Supported by Municipal Revenue			(239,889.41)
Decreased by: Appropriation "Reserve for Uncollected Taxes"	A-3		664,144.00
Amount Added to Non-Budget Revenue	A-2		<u>424,254.59</u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collection	A-7		575,370.51
Tax Title Liens	A-8		9,875.35
	A-2		<u>585,245.86</u>
<b>Analysis of Non-Budget Revenue</b>		Ref.	
Miscellaneous Revenue Not Anticipated:			
Revenue Accounts Receivable:			
Interest on Investments	A-10		73,071.58
Interest & Costs on Taxes	A-10		96,642.73
Fees & Permits	A-10		101,958.67
Cable TV Franchise Fees	A-10		35,139.59
Recycling Receipts	A-10		15,247.59
Payments in Lieu of Taxes	A-10		295,325.54
Snow and Storm Cost Reimbursements	A-10		1,668.95
Refunds	A-10		54,000.00
Shared Service Municipal Court	A-10		147,035.29
Sale of Municipal Assets	A-10		5,262.00
Developers Settlement	A-10		5,000.00
Statutory Excess from Animal Control Fund	A-10		11,296.90
Miscellaneous	A-10		6,092.41
	A-2		<u>847,741.25</u>

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT FUNCTIONS</b>					
General Administration					
Salaries and Wages	99,500.00	96,000.00	91,528.83		4,471.17
Other Expenses	21,000.00	21,000.00	13,704.81	5,850.66	1,444.53
Mayor and Township Committee					
Salaries and Wages	59,700.00	59,700.00	59,619.00		81.00
Other Expenses	17,500.00	17,500.00	9,726.41	91.83	7,681.76
Municipal Clerk					
Salaries and Wages	31,500.00	31,500.00	30,876.77		623.23
Other Expenses	35,000.00	35,000.00	18,112.02	2,828.00	14,059.98
Financial Administration					
Salaries and Wages	79,000.00	79,000.00	76,040.72		2,959.28
Other Expenses	14,000.00	14,000.00	10,963.09	1,954.04	1,082.87
Audit Services					
Other Expenses	19,600.00	19,600.00	3,000.00	16,600.00	
Revenue Administration					
Salaries and Wages	47,000.00	47,000.00	46,448.96		551.04
Other Expenses	11,500.00	11,500.00	8,637.75	813.63	2,048.62
Tax Assessment					
Salaries and Wages	10,000.00				
Other Expenses	80,000.00	40,000.00	33,184.94	740.72	6,074.34
Legal Services and Costs					
Other Expenses	77,500.00	77,500.00	57,221.18	815.25	19,463.57
Engineering Services and Costs					
Other Expenses	35,000.00	35,000.00	33,188.70	879.38	931.92
Economic Development					
Salaries and Wages	520.00	520.00	390.00		130.00
Other Expenses	27,500.00	27,500.00	16,495.00		11,005.00
Historic Commission					
Salaries and Wages	720.00	720.00	520.00		200.00
Other Expenses	13,000.00	13,000.00	546.84	2,500.00	9,953.16

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



STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>LAND USE ADMINISTRATION</b>					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	7,800.00	7,800.00	7,748.00		52.00
Other Expenses	60,000.00	60,000.00	22,992.74	25,166.24	11,841.02
Zoning Officer					
Salaries and Wages	32,500.00	32,500.00	32,194.65		305.35
Other Expenses	7,000.00	7,000.00	2,583.57	141.64	4,274.79
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>					
Housing Official					
Salaries and Wages	32,500.00	32,500.00	32,194.35		305.65
<b>INSURANCE</b>					
Liability Insurance	50,000.00	50,000.00	42,815.00		7,185.00
Workers Compensation	104,000.00	104,000.00	100,461.00		3,539.00
Employee Group Insurance	359,000.00	359,000.00	287,019.56	24,544.12	47,436.32
Payments in Lieu of Benefits	40,000.00	40,000.00	26,163.20		13,836.80
<b>PUBLIC SAFETY FUNCTIONS</b>					
Emergency Management					
Salaries and Wages	3,570.00	3,570.00	3,570.00		
Other Expenses	6,000.00	6,000.00	1,537.64	231.52	4,230.84
Aid to Volunteer Fire Companies					
Other Expenses	90,000.00	90,000.00	71,537.34	9,034.60	9,428.06
Utilities	56,500.00	56,500.00	42,933.45	4,356.46	9,210.09
Ambulance					
Utilities	32,000.00	32,000.00	23,775.44	3,922.75	4,301.81
First Aid Organization - Contribution	12,500.00	12,500.00	10,788.81	1,711.19	
Fire Safety Official					
Salaries and Wages	11,750.00	11,750.00	9,657.00		2,093.00
Other Expenses	10,000.00	10,000.00	4,493.70	1,708.60	3,797.70
Municipal Prosecutor					
Salaries and Wages	26,000.00	26,000.00	26,000.00		
Other Expenses	2,500.00	2,500.00			2,500.00

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Roads					
Salaries and Wages	136,500.00	129,000.00	127,110.57		1,889.43
Other Expenses	90,000.00	147,100.00	131,654.87	10,146.75	5,298.38
Utilities	40,000.00	40,000.00	29,115.38	7,081.87	3,802.75
Snow Removal					
Salaries and Wages	8,000.00	8,000.00	7,066.52		933.48
Other Expenses	60,000.00	60,000.00	52,397.70	5,870.37	1,731.93
Shade Tree Committee					
Other Expenses	8,000.00	8,000.00			8,000.00
Solid Waste Convenience Center					
Salaries and Wages	47,000.00	47,000.00	41,185.92		5,814.08
Other Expenses	130,000.00	130,000.00	69,661.83	44,376.97	15,961.20
Utilities	4,000.00	4,000.00	2,041.38	737.37	1,221.25
Buildings and Grounds					
Salaries and Wages	85,000.00	75,000.00	71,959.11		3,040.89
Other Expenses	46,500.00	99,000.00	41,464.31	4,067.72	53,467.97
Utilities	42,000.00	42,000.00	32,998.77	5,102.37	3,898.86
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	6,500.00	6,500.00	6,472.00		28.00
Other Expenses	2,500.00	2,500.00	703.33	9.40	1,787.27
Alliance for Substance Abuse					
Other Expenses	2,000.00	2,000.00	2,000.00		
Environmental Committee					
Salaries and Wages	1,000.00	1,000.00	780.00		220.00
Other Expenses	12,000.00	12,000.00	1,045.66		10,954.34
Animal Control					
Salaries and Wages	5,800.00	5,800.00	5,701.42		98.58
Other Expenses	32,000.00	32,000.00	18,439.91	11,081.23	2,478.86

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>PARK AND RECREATION FUNCTIONS</b>					
Community Pride & Relations Committee					
Salaries and Wages	260.00	260.00			260.00
Other Expenses	2,000.00	2,000.00	230.35		1,769.65
Senior Center					
Salaries and Wages	25,000.00	25,000.00	22,521.51		2,478.49
Other Expenses	18,000.00	18,000.00	15,025.51	1,042.70	1,931.79
Utilities	16,000.00	16,000.00	10,598.41	703.60	4,697.99
Maintenance of Parks					
Salaries and Wages	53,500.00	46,000.00	43,307.98		2,692.02
Other Expenses	49,500.00	49,500.00	33,861.13	9,931.58	5,707.29
Utilities	4,000.00	4,000.00	1,471.47	292.16	2,236.37
Bostwick Lake Commission					
Other Expenses	3,000.00	3,000.00	2,000.00		1,000.00
<b>OTHER OPERATING FUNCTIONS</b>					
Accumulated Leave Compensation	100.00	10,000.00	4,300.00		5,700.00
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Street Lighting	130,000.00	130,000.00	117,760.75	4,921.14	7,318.11
<b>SOLID WASTE DISPOSAL COSTS</b>					
Landfill Disposal Costs					
Other Expenses	175,000.00	158,000.00	131,667.20	20,885.92	5,446.88
<b>MUNICIPAL COURT</b>					
Municipal Court					
Salaries and Wages	156,000.00	143,500.00	138,624.21		4,875.79
Other Expenses	58,500.00	58,500.00	47,706.54	5,199.24	5,594.22
Public Defender					
Other Expenses	13,500.00	13,500.00	3,925.00		9,575.00

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered      Reserved
<b>UNIFORM CONSTRUCTION CODE</b>				
Construction Code				
Salaries and Wages	68,000.00	56,500.00	53,799.35	2,700.65
Other Expenses	48,500.00	48,500.00	8,278.38	21,429.06      18,792.56
Electrical Subcode				
Salaries and Wages	1,500.00	1,500.00	1,500.00	
Plumbing Subcode				
Salaries and Wages	11,673.00	11,673.00	11,673.00	
Fire Subcode				
Salaries and Wages	500.00	500.00	500.00	
Total Operations Within "CAPS"	3,216,493.00	3,216,493.00	2,549,219.94	256,770.08      410,502.98
Detail:				
Salaries and Wages	1,048,293.00	985,793.00	948,989.87	36,803.13
Other Expenses	2,168,200.00	2,230,700.00	1,600,230.07	256,770.08      373,699.85
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	116,365.00	116,365.00	116,365.00	
Social Security System	81,724.41	81,724.41	77,790.03	3,934.38
Unemployment Compensation	10,000.00	10,000.00	4,913.83	5,086.17
Defined Contribution Retirement Program	10,000.00	10,000.00	6,505.84	3,494.16
Total Deferred Charges & Statutory Expenditures	218,089.41	218,089.41	205,574.70	12,514.71
Total Appropriations Within "CAPS"	3,434,582.41	3,434,582.41	2,754,794.64	256,770.08      423,017.69

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered      Reserved
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
<b>INTERLOCAL MUNICIPAL SERVICES AGREEMENTS</b>				
Construction Code				
Salaries and Wages	22,000.00	22,000.00	18,528.45	3,471.55
Total Interlocal Municipal Service Agreements	22,000.00	22,000.00	18,528.45	3,471.55
<b>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES</b>				
Ambulance				
Salaries and Wages	160,000.00	160,000.00	145,920.41	14,079.59
Other Expenses	77,240.00	77,240.00	66,461.46	1,213.17
Total Additional Appropriations Offset by Revenues	237,240.00	237,240.00	212,381.87	15,292.76
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>				
Matching Funds for Grants	10,000.00	10,000.00		10,000.00
Clean Communities Program	12,657.73	14,861.20	14,861.20	
Alcohol Education and Rehabilitation	947.09	947.09	947.09	
Alliance for Substance Abuse Prevention Program	39,000.00	39,000.00	39,000.00	
Recycling Tonnage	40,504.77	40,504.77	40,504.77	
Small Cities Grant - Rehabilitation	210,000.00	210,000.00	210,000.00	
Small Cities Grant - Facilities	419,622.00	419,622.00	419,622.00	
Total Public and Private Programs	732,731.59	734,935.06	724,935.06	10,000.00
Total Operations Excluded from "CAPS"	991,971.59	994,175.06	955,845.38	28,764.31
Detail:				
Salaries and Wages	182,000.00	182,000.00	164,448.86	17,551.14
Other Expenses	809,971.59	812,175.06	791,396.52	11,213.17

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered      Reserved
<b>CAPITAL IMPROVEMENTS</b>				
Purchase of Emergency & Fire Vehicles	10,000.00	10,000.00	10,000.00	
Improvements to Municipal Buildings & Facilities	10,000.00	10,000.00	10,000.00	
Improvements to Roads	70,000.00	70,000.00	51,092.60	18,907.40
Purchase of Land - Open Space/ Farmland Preservation	10,000.00	10,000.00	10,000.00	
Transportation Trust Fund		188,000.00	188,000.00	
Total Capital Improvements	100,000.00	288,000.00	269,092.60	18,907.40
<b>DEFERRED CHARGES</b>				
Special Emergency Authorization - 5 Years	50,880.00	50,880.00	50,880.00	
Total Appropriations Excluded from "CAPS"	1,142,851.59	1,333,055.06	1,275,817.98	28,472.77      28,764.31
Total General Appropriations for Municipal Purposes	4,577,434.00	4,767,637.47	4,030,612.62	285,242.85      451,782.00
RESERVE FOR UNCOLLECTED TAXES	664,144.00	664,144.00	664,144.00	
TOTAL GENERAL APPROPRIATIONS	5,241,578.00	5,431,781.47	4,694,756.62	285,242.85      451,782.00
Ref.	A-2	A-3		A-13      A
Budget	Ref.			
Appropriations by 40A:4-87	A-3	5,241,578.00		
	A-2	190,203.47		
		5,431,781.47		
Reserve for Grants	Ref.			
Reserve for Uncollected Taxes	A-18	912,935.06		
Deferred Charges	A-2	664,144.00		
Disbursed	A-11	50,880.00		
	A-4	3,066,797.56		
		4,694,756.62		

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

## TRUST FUND

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Animal Control Trust Fund			
Cash - Treasurer	B-1	22,114.10	31,479.39
Escrow Trust Fund			
Cash - Treasurer	B-1	207,567.84	226,263.73
Tax Sale Premium Fund			
Cash - Collector	B-2	78,816.65	207,055.16
Municipal Alliance Trust Fund			
Cash - Treasurer	B-1	1,859.56	906.66
Public Defender Trust Fund			
Cash - Treasurer	B-1	1,121.80	8,089.75
Accumulated Absence Trust Fund			
Cash - Treasurer	B-1	74,660.23	70,353.81
Recreation Trust Fund			
Cash - Treasurer	B-1	21,998.92	18,829.08
Due Current Fund	A	496.51	515.30
		22,495.43	19,344.38
Snow Removal Trust Fund			
Cash - Treasurer	B-1	183,122.52	143,076.56
Affordable Housing Trust Fund			
Cash - Treasurer	B-1	51,664.01	51,150.16
Landfill Closure Fund			
Cash - Treasurer	B-1	39,239.66	38,849.38
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	2,466.91	2,466.90
Donations Senior Center			
Cash - Treasurer	B-1	929.37	653.58
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	18,675.95	33,554.63
		704,734.03	833,244.09

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



COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES AND RESERVES</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Animal Control Trust Fund			
Due Current Fund	A	162.70	6,768.59
Due State of New Jersey			9.60
Reserve for Dog Fund Expenditures	B-3	21,951.40	24,701.20
		<u>22,114.10</u>	<u>31,479.39</u>
Escrow Trust Fund			
Due Current Fund	A	7,302.21	7,924.90
Reserve for Escrow Fees		200,265.63	218,338.83
		<u>207,567.84</u>	<u>226,263.73</u>
Tax Sale Premium Fund			
Due Current Fund	A	68.57	47.46
Deposits for Redemption of Tax Sale Certificates		548.08	193,507.70
Reserve for Premiums		78,200.00	13,500.00
		<u>78,816.65</u>	<u>207,055.16</u>
Municipal Alliance Trust Fund			
Reserve for Municipal Alliance		1,859.56	906.66
Public Defender Trust Fund			
Due Current Fund	A	5.13	5.08
Reserve for Public Defender Fees		1,116.67	8,084.67
		<u>1,121.80</u>	<u>8,089.75</u>
Accumulated Absence Trust Fund			
Due Current Fund	A	60.23	53.81
Reserve for Accumulated Absences		74,600.00	70,300.00
		<u>74,660.23</u>	<u>70,353.81</u>
Recreation Trust Fund			
Reserve for Recreation		22,495.43	19,344.38
Snow Removal Trust Fund			
Due Current Fund	A	123.38	77.42
Reserve for Snow Removal		182,999.14	142,999.14
		<u>183,122.52</u>	<u>143,076.56</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES AND RESERVES (CONTINUED)</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Affordable Housing Trust Fund			
Reserve for Affordable Housing		51,664.01	51,150.16
Landfill Closure Fund			
Reserve for Landfill Closure		39,239.66	38,849.38
Uniform Fire Safety Penalty Fund			
Due Current Fund	A	21.91	21.90
Reserve for Uniform Fire Safety		2,445.00	2,445.00
		2,466.91	2,466.90
Donations Senior Center			
Due Current Fund	A	14.36	13.57
Reserve for Donations		915.01	640.01
		929.37	653.58
Small Cities Revolving Loan Fund			
Reserve for Small Cities		18,675.95	33,554.63
		704,734.03	833,244.09

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

## **GENERAL CAPITAL FUND**

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

<b>ASSETS</b>	Ref.	Balance	Balance
		Dec. 31, 2013	Dec. 31, 2012
Cash - Treasurer	C-2	1,385,671.19	1,619,990.68
Due from Current Fund			554.53
Deferred Charges to Future Taxation			
Unfunded	C-5	1,230,250.00	475,000.00
		<u>2,615,921.19</u>	<u>2,095,545.21</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Encumbrances Payable	C-7	735,679.60	18,780.86
Accounts Payable			12,745.00
Improvement Authorizations:			
Funded	C-6	53,556.31	20,930.71
Unfunded	C-6	292,238.01	286,105.93
Capital Improvement Fund	C-4	319,525.77	359,275.77
Due Current Fund	A	21,963.64	
Reserve for Sanitary Landfill Closure		420,980.50	420,980.50
Reserve for Expansion of Facilities for Township Parks		18,667.94	18,667.94
Reserve for Purchase of Land - Farmland Preservation		208,018.67	208,217.75
Reserve for Improvements to Convenience Center		138,125.00	138,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		148,185.32	382,735.32
Reserve for Improvements to Municipal Buildings			
and Facilities		42,875.00	32,875.00
Reserve for Purchase of Emergency and Fire Vehicles		915.31	915.31
Reserve for Purchase of Public Works Vehicle		175,080.00	175,080.00
Reserve for Aid to Volunteer Fire Companies		20,000.00	
Fund Balance	C-1	10,110.12	10,110.12
		<u>2,615,921.19</u>	<u>2,095,545.21</u>

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

## STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2012	Ref. C	<u>10,110.12</u>
Balance December 31, 2013	C	<u><u>10,110.12</u></u>

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

## **WATER & SEWER UTILITY FUND**

## COMPARATIVE BALANCE SHEET - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>Operating Fund</b>			
Cash - Treasurer	D-5	742,836.28	816,019.63
Due from Current Fund	A	17,723.86	
		<u>760,560.14</u>	<u>816,019.63</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-7	102,896.62	72,531.58
Consumer Accounts Receivable - Sewer	D-7	111,022.47	91,150.43
Connection Fees Receivable	D-8	27,056.42	60,671.50
Fire Suppression Lines Receivable	D-8	191,895.94	216,077.07
Water Liens	D-9	616.64	749.05
Sewer Liens	D-9	700.46	1,193.28
		<u>434,188.55</u>	<u>442,372.91</u>
Total Operating Fund		<u>1,194,748.69</u>	<u>1,258,392.54</u>
<b>Capital Fund</b>			
Cash - Treasurer	D-5	795,070.30	807,386.25
Due from Utility Operating Fund	D	4,766.46	4,786.07
Grant Receivable	D-19	150,224.00	651,000.00
Fixed Capital	D-10	4,066,500.00	4,066,500.00
Fixed Capital Authorized and Uncompleted	D-11	6,499,000.00	6,299,000.00
		<u>11,515,560.76</u>	<u>11,828,672.32</u>
Total Capital Fund		<u>12,710,309.45</u>	<u>13,087,064.86</u>

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

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2013</b>	<b>Balance Dec. 31, 2012</b>
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-12	108,217.06	72,964.00
Encumbrances Payable	D-13	53,218.38	32,899.05
Water Rent Overpayments		746.01	940.64
Sewer Rent Overpayments		270.91	399.53
Accrued Interest on Loan		16,646.14	16,910.43
Due Utility Capital Fund	D	4,766.46	4,786.07
Due Current Fund			32,391.20
		<u>183,864.96</u>	<u>161,290.92</u>
Reserve for Receivables		434,188.55	442,372.91
Fund Balance	D-1	576,695.18	654,728.71
		<u>1,194,748.69</u>	<u>1,258,392.54</u>
<b>Capital Fund</b>			
Loan Payable	D-17	5,765,703.68	5,880,830.05
Encumbrances Payable	D-13	114,821.20	607,292.99
Improvement Authorizations:			
Funded	D-14	9,031.09	76,893.48
Unfunded	D-14	97,140.70	
Capital Improvement Fund	D-15	440,187.60	440,187.60
Reserve for:			
Water Tower Repairs		8,235.12	8,153.20
Love Lane Tower Improvements		135,012.00	135,012.00
Seabrook Tower Improvements		36,358.46	36,358.46
Radionuclide Treatment		300,000.00	150,000.00
Reserve for Amortization		4,470,790.37	4,420,629.51
Deferred Reserve for Amortization	D-16	129,005.95	64,040.44
Fund Balance	D-2	9,274.59	9,274.59
		<u>11,515,560.76</u>	<u>11,828,672.32</u>
<b>Total Capital Fund</b>		<u>12,710,309.45</u>	<u>13,087,064.86</u>

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



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

<b>Revenue and Other Income Realized</b>	Ref.	Year 2013	Year 2012
Fund Balance Utilized	D-3	345,046.25	558,153.03
Sewer Rents	D-3	705,349.91	696,057.87
Water Rents	D-3	577,713.62	630,659.26
Sewer Installment Plan Reconciliation of Payments			102,241.76
Reserve for Debt Service			12,503.21
Miscellaneous Revenue Not Anticipated	D-3	229,886.97	177,459.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	72,964.00	277,651.96
Encumbrances Payable Canceled	D-13	3,531.91	
Total Income		1,934,492.66	2,454,726.51
<b>Expenditures</b>			
Operating	D-4	1,207,200.00	1,314,180.00
Capital Improvements	D-4	150,000.00	150,000.00
Debt Service	D-4	292,385.71	491,745.59
Deferred Charges and Statutory Expenditures	D-4	15,196.25	15,800.00
Due Small Cities Revolving Loan Fund	D-5	2,697.98	
Total Expenditures		1,667,479.94	1,971,725.59
Statutory Excess to Fund Balance		267,012.72	483,000.92
<b>Fund Balance</b>			
Balance January 1	D	654,728.71	729,880.82
		921,741.43	1,212,881.74
Decreased by:			
Utilization as Anticipated Revenue	D-1	345,046.25	558,153.03
Balance December 31	D	576,695.18	654,728.71

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

## STATEMENT OF FUND BALANCE - WATER &amp; SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2012	Ref. D	9,274.59
Balance December 31, 2013	D	<u>9,274.59</u>

## STATEMENT OF REVENUES - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	345,046.25	345,046.25	
Sewer Rents	D-3	690,000.00	705,349.91	15,349.91
Water Rents	D-3	630,000.00	577,713.62	(52,286.38)
Non-Budget Revenue	D-3		229,886.97	229,886.97
		<u>1,665,046.25</u>	<u>1,857,996.75</u>	<u>192,950.50</u>
	Ref. D-4			

**Analysis of Realized Revenue**

## Rents:

## Consumer Accounts Receivable:

## Collected

## Overpayments Applied

## Liens

Ref.	Sewer	Water
D-7	704,247.56	576,318.07
D-7	399.53	940.64
D-9	702.82	454.91
D-3	<u>705,349.91</u>	<u>577,713.62</u>

**Analysis of Non-Budget Revenue**

## Interest on Investments

## Interest on Delinquent Accounts

## Lease

## Sewer Connection Fees

## Fire Suppression Line Fees

## CAP Fees

Ref.	
D-5	16,284.65
D-5	4,150.05
D-5	47,520.00
D-8	108,883.14
D-8	52,309.13
D-5	740.00
D-3	<u>229,886.97</u>

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

## STATEMENT OF EXPENDITURES - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations	Expended			
	Budget	Paid or Charged	Encumbered	Reserved	
Operating:					
Salaries and Wages	172,500.00	158,529.85		13,970.15	
Other Expenses	439,700.00	325,910.87	53,218.38	60,570.75	
Sewerage Treatment Contract - Cumberland County Utility Authority	595,000.00	563,596.60		31,403.40	
Capital Improvements:					
Reserve for Radionuclide Treatment	150,000.00	150,000.00			
Debt Service:					
Payment of Bond Principal	115,150.00	115,126.37			23.63
Interest on Loans	177,500.00	177,259.34			240.66
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (OASI)	13,196.25	12,249.97		946.28	
Unemployment Compensation					
Insurance	2,000.00	673.52		1,326.48	
	<u>1,665,046.25</u>	<u>1,503,346.52</u>	<u>53,218.38</u>	<u>108,217.06</u>	<u>264.29</u>
Ref.	D-3		D-13	D	
		Ref.			
Interest on Loans & Notes		177,259.34			
Disbursed	D-5	1,326,087.18			
		<u>1,503,346.52</u>			

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

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
General Fixed Assets:		
Land, Buildings and Improvements	7,840,293.39	7,861,266.96
Furniture, Fixtures and Equipment	5,858,589.72	5,860,114.05
Vehicles	1,920,973.48	1,920,973.48
	<u>15,619,856.59</u>	<u>15,642,354.49</u>
Investment in General Fixed Assets	<u>15,619,856.59</u>	<u>15,642,354.49</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

**A. Reporting Entity**

The Township of Upper Deerfield was incorporated in 1922 and is located in Cumberland County, New Jersey.

The Township is governed by an elected five member committee. The members appoint a chairman from amongst themselves to serve for a one year term. The Township is managed daily by the Township Administrator.

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

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

**B. Description of Funds and Account Groups**

The accounting policies of the Township of Upper Deerfield 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 Upper Deerfield accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

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

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

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

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

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

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

**C. Basis of Accounting**

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

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

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

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

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



**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

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

**Property Taxes (Continued)** - The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

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

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

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

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

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

**Proprietary Fund - Cash Flows Statement** - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

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

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

**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.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

**D. Comparative Data**

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

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

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

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

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

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

**NOTE 2: BUDGETARY INFORMATION**

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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

The Township amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$190,203.47 for various grants as detailed on Exhibit A-2.

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2013 and 2012, the carrying amounts of the Township's deposits were \$8,674,273.69 and \$9,187,691.24, respectively. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$8,768,027.84 and \$9,850,847.36, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2013, the Township held no investments.

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

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

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

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	<u>Year</u>	<u>Balance December 31</u>	<u>Budget of Succeeding Year</u>
Current	2013	3,596,319.51	1,819,014.99
	2012	3,874,326.06	1,935,527.76
	2011	4,445,076.76	2,206,925.15
	2010	4,012,143.66	2,252,600.37
	2009	3,990,090.93	2,499,470.09
Utility	2013	576,695.18	320,472.50
	2012	654,728.71	345,046.25
	2011	729,880.82	558,153.03
	2010	921,820.67	775,751.07
	2009	1,183,974.32	390,419.00

**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, 2013, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency			
Authorization	<u>101,760.00</u>	<u>50,880.00</u>	<u>50,880.00</u>

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES**

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust	162.70	
Uniform Fire Safety Penalty Fund	21.91	
Accumulated Absence Trust Fund	60.23	
Escrow Trust Fund	7,302.21	
Tax Sale Premium Fund	68.57	
Public Defender Trust Fund	5.13	
Snow Removal Trust Fund	123.38	
Donations - Senior Citizen Center	14.36	
General Capital Fund	21,963.64	
Recreation Trust Fund		496.51
Federal & State Grant Fund		172,182.13
Utility Operating Fund		17,723.86
Federal and State Grant Fund		
Current Fund	172,182.13	
Animal Control Trust Fund		
Current Fund		162.70
Escrow Trust Fund		
Current Fund		7,302.21
Tax Sale Premium Fund		
Current Fund		68.57
Public Defender Trust Fund		
Current Fund		5.13
Accumulated Absence Trust Fund		
Current Fund		60.23
Recreation Trust Fund		
Current Fund	496.51	
Snow Removal Trust Fund		
Current Fund		123.38
Uniform Fire Safety Penalty Fund		
Current Fund		21.91
Donations - Senior Citizen Center		
Current Fund		14.36
General Capital Fund		
Current Fund		21,963.64
Utility Operating Fund		
Current Fund	17,723.86	
Utility Capital Fund		4,766.46
Utility Capital Fund		
Utility Operating Fund	4,766.46	
	<u>224,891.09</u>	<u>224,891.09</u>

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 8: FIXED ASSETS**

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

	Dec. 31, 2012	Additions	Deletions	Dec. 31, 2013
Land, Buildings & Improvements	7,861,266.96		20,973.57	7,840,293.39
Furniture, Fixtures & Equipment	5,860,114.05	24,722.10	26,246.43	5,858,589.72
Vehicles	1,920,973.48			1,920,973.48
	<u>15,642,354.49</u>	<u>24,722.10</u>	<u>47,220.00</u>	<u>15,619,856.59</u>

**NOTE 9: LONG-TERM DEBT**

During the calendar year 2013, the following changes occurred in the municipal debt of the Township:

	Balance Dec. 31, 2012	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2013	Due Within One Year
Issued:					
Utility Fund:					
Loans	5,880,830.05		115,126.37	5,765,703.68	118,968.85
Net Debt Issued	<u>5,880,830.05</u>		<u>115,126.37</u>	<u>5,765,703.68</u>	<u>118,968.85</u>
Authorized but Not Issued:					
Current Fund:					
Bonds and Notes	475,000.00	755,250.00		1,230,250.00	
Utility Fund:					
Bonds and Notes		<u>200,000.00</u>		<u>200,000.00</u>	
Total Authorized but Not Issued	<u>475,000.00</u>	<u>955,250.00</u>		<u>200,000.00</u>	
Total Debt Issued and Authorized but Not Issued	<u>6,355,830.05</u>	<u>955,250.00</u>	<u>115,126.37</u>	<u>5,965,703.68</u>	<u>118,968.85</u>

Permanently funded debt as of December 31, 2013, consisted of the following:

\$2,378,100.00 Farmers Home Administration Loan dated May 10, 1994, payable in semi-annual installments through May 10, 2034. Interest is paid semi-annually at a rate of 4.5% per annum. The balance remaining at December 31, 2013, was \$1,708,709.63.

\$2,299,000.00 United States Department of Agriculture Rural Development Loan dated May 1, 2011, payable in semi-annual installments through May 1, 2051. Interest is paid semi-annually at a rate of 2.75% per annum. The balance remaining at December 31, 2013, was \$2,216,996.96.

\$1,887,000.00 United States Department of Agriculture Rural Development Loan dated May 28, 2012, payable in semi-annual installments through May 28, 2052. Interest is paid semi-annually at a rate of 2% per annum. The balance remaining at December 31, 2013, was \$1,839,997.09.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

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

Year Ended <u>December 31</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<b>Farmers Home Administration Loan</b>			
2014	76,308.51	52,443.49	128,752.00
2015	73,922.00	54,830.00	128,752.00
2016	71,426.89	57,325.11	128,752.00
2017	68,818.24	59,933.76	128,752.00
2018	66,090.88	62,661.12	128,752.00
2019-2023	284,996.94	358,763.06	643,760.00
2024-2028	195,591.94	448,168.06	643,760.00
2029-2033	83,906.93	559,853.07	643,760.00
2034	1,231.47	54,731.96	55,963.43
	<u>922,293.80</u>	<u>1,708,709.63</u>	<u>2,631,003.43</u>
<b>USDA Loans</b>			
2014	97,372.64	66,525.36	163,898.00
2015	95,774.41	68,123.59	163,898.00
2016	94,136.83	69,761.17	163,898.00
2017	92,458.88	71,439.12	163,898.00
2018	90,739.59	73,158.41	163,898.00
2019-2023	426,386.41	393,103.59	819,490.00
2024-2028	376,567.57	442,922.43	819,490.00
2029-2033	320,264.80	499,225.20	819,490.00
2034-2038	256,613.62	562,876.39	819,490.01
2039-2043	185,154.96	634,858.13	820,013.09
2044-2048	103,203.46	716,286.54	819,490.00
2049-2052	18,782.29	458,714.12	477,496.41
	<u>2,157,455.46</u>	<u>4,056,994.05</u>	<u>6,214,449.51</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 .199%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	7,126,926.85	7,126,926.85	
Utility Debt	5,965,703.68	5,965,703.68	
General Debt	1,230,250.00		1,230,250.00
	<u>14,322,880.53</u>	<u>13,092,630.53</u>	<u>1,230,250.00</u>



**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

**Summary of Statutory Debt Condition – Annual Debt Statement (Continued)**

Net Debt \$1,230,250.00/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$618,420,310.00 = .199%.

**Borrowing Power Under NJSA 40:A2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	21,644,710.85
Net Debt	<u>1,230,250.00</u>
Remaining Borrowing Power	<u><u>20,414,460.85</u></u>

**Calculation of “Self-Liquidating Purpose” Water & Sewer Utility per NJSA 40:2-45**

Cash Receipts from Fees, Rents or Other Charges	1,855,298.77
Deductions:	
Operating and Maintenance Costs	1,372,396.25
Debt Service	<u>292,385.71</u>
	<u>1,664,781.96</u>
Excess in Revenue	<u><u>190,516.81</u></u>

**NOTE 10: PENSION FUNDS**

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

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 10: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)** - base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to PERS for the years ending December 31, 2013, 2012 and 2011, were \$116,365.00, \$130,719.00 and \$126,807.00, respectively, equal to the required contributions for each year.

**Defined Contribution Retirement Program (DCRP)** - The Township established a Defined Contribution Retirement Program as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and employer contributions of 3% of employees annual base salary. The Township's contributions to DCRP for the years ending December 31, 2013, 2012 and 2011, were \$6,505.84, \$3,630.81 and \$5,373.53, respectively, equal to the required contributions for each year.

**NOTE 11: ACCUMULATED ABSENCE BENEFITS**

Township employees are granted vacation benefits in varying amounts depending on their length of service with the Township. Employees are granted sick leave on the basis of one and one quarter working day for each full month of employment. The Township permits employees to accrue unused sick time. All sick leave terminates as of the date of separation, except for qualified retirement. Upon retirement the employee will be paid for one half of the unused leave at the employee's final rate of pay up to a maximum of \$7,500.00.

The Township allows employees to carry over four vacation days to the following year.

The Township has adopted an ordinance in regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2013, was \$77,744.41. The Township has appropriated \$100.00 in the 2014 budget to fund a reserve for accumulated absences. As of December 31, 2013, the fund has a reserve balance of \$74,600.00

**NOTE 12: POST-RETIREMENT BENEFITS**

**Plan Description** - The Township of Upper Deerfield contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2004 the Township of Upper Deerfield authorized participation in the SHBP's post-retirement

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 12: POST-RETIREMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)** - benefit program through resolution number 04-103. All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/shbp.htm](http://www.state.nj.us/treasury/pensions/shbp.htm).

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Upper Deerfield on a monthly basis.

The Township of Upper Deerfield's contributions to SHBP for the years ended December 31, 2013, 2012 and 2011, were \$10,952.64, \$10,182.36 and \$9,982.68, respectively, which equaled the required contributions for the year. There was one retired participant eligible at December 31, 2013, 2012 and 2011, respectively.

**NOTE 13: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Variable Annuity Life Insurance Company (VALIC).

**NOTE 14: LABOR CONTRACTS**

As of December 31, 2013, the Township had a total of approximately 52 employees. Of this total, 9 employees are represented by the United Auto Workers Local 2327. The union agreement expires on December 31, 2015.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 15: TAXES COLLECTED IN ADVANCE**

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

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Prepaid Taxes - Cash Liability	<u>182,934.30</u>	<u>164,158.24</u>

**NOTE 16: TAX ABATEMENT PROGRAMS**

Tax abatement programs were established to encourage development in the Township. There are five year programs where real estate taxes on the approved improvements are abated and payments are made in lieu. Payments are based on financial agreements adopted through Township ordinances.

The Township also has long-term programs in accordance with the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended. These programs are for thirty years.

**NOTE 17: ECONOMIC DEPENDENCY**

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

**NOTE 18: RISK MANAGEMENT**

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds. The Township of Upper Deerfield is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2013.

**NOTE 19: SHARED SERVICE AGREEMENTS**

The Township of Upper Deerfield entered into a shared service agreement with the Township of Deerfield on April 6, 2011, to provide the services of a construction code official, and to provide building sub-code inspection and fire sub-code inspection together with related clerical and administrative services.

On January 9, 2012, an agreement was made between the Township of Upper Deerfield, the Township of Deerfield, the Township of Greenwich, The Township of Hopewell, the Township of Lawrence, the Township of Pittsgrove, the Borough of Shiloh, and the Township of Stowe Creek. The agreement was for the establishment of a joint municipal court to serve all of the municipalities, pursuant to NJSA 2B:12-1, et seq. The court is known as the Cumberland Salem

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 19: SHARED SERVICE AGREEMENTS (CONTINUED)**

Regional Municipal Court which became effective on January 30, 2012.

**NOTE 20: LITIGATION**

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

**NOTE 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 and May 1, 2014, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

## **SUPPLEMENTARY DATA**

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

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

### **Independent Auditor's Report**

Honorable Chairman and Members  
of the Township Committee  
Township of Upper Deerfield  
1325 Highway 77  
Seabrook, New Jersey 08302

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Upper Deerfield, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield's basic financial statements, and have issued our report thereon dated May 1, 2014, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

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

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

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

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

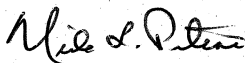
### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

PETRONI & ASSOCIATES LLC



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

May 1, 2014



TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs								
Municipal Alliance on Alcoholism & Drug Abuse	N/A	39,000.00		29,634.00	1/1/13	N/A	39,000.00	39,000.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	14,861.20		14,861.20	1/1/13	N/A	14,861.20	14,861.20
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	43,656.48		43,656.48	1/1/11	N/A	2,561.48	43,656.48
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	41,984.01		41,984.01	1/1/12	N/A	34,423.52	34,423.52
Department of Transportation								
N.J. Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	188,000.00			1/1/13	N/A	188,000.00	188,000.00
				<u>130,135.69</u>			<u>278,846.20</u>	<u>319,941.20</u>

## **CURRENT FUND**

## SCHEDULE OF CASH - TREASURER

Balance December 31, 2012	Ref. A		5,111,145.89
Increased by Receipts:			
Grants Receivable	A-6	757,159.57	
Taxes Receivable	A-7	15,377,078.10	
Homestead Rebate	A-7	410,554.74	
Tax Title Liens	A-8	9,875.35	
Tax Overpayments		34,557.71	
Prepaid Taxes		182,934.30	
Revenue Accounts Receivable	A-10	2,717,770.12	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-15	113,831.60	
Reserve for Grants - Unappropriated	A-19	36,574.04	
Due from Animal Control Trust		6,795.43	
Due from Utility Operating Fund	D-5	50,115.06	
Due State - Fees		16,095.00	
Due Deerfield Township - UCC Fees		22,750.00	
Due from Escrow Fund		201.64	
Due from Tax Sale Fund		47.46	
Due from Public Defender Trust		5.08	
Due from Accumulated Absence Trust		53.81	
Due from Uniform Fire Safety Penalty Monies		2.10	
Due from Snow Removal Trust		77.42	
Due from Small Cities Revolving Loan Fund		2,707.98	
Reserve for POAA Fees		8.00	
			19,739,194.51
			24,850,340.40
Decreased by Disbursements:			
2013 Budget Appropriations	A-3	3,066,797.56	
2012 Appropriation Reserves	A-12	18,977.04	
Encumbrances Payable	A-13	590,125.78	
Accounts Payable	A-14	40,590.20	
Reserve for Grants - Appropriated	A-18	263,292.71	
Tax Overpayments Refunded		33,291.45	
County Taxes		6,075,985.52	
Due County for Added and Omitted Taxes		15,552.92	
Local District School Tax	A-16	6,838,394.50	
Regional High School Tax	A-17	2,794,168.53	
Due General Capital Fund		11,786.71	
Due Small Cities Revolving Loan Fund		2,711.08	
Due Escrow Fund		375.00	
Deduction Surcharge	A-1	5,500.00	
Due Deerfield Township - UCC Fees		27,027.00	
Due State - Fees		19,726.00	
			19,804,302.00
Balance December 31, 2013	A		5,046,038.40

## SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2012	Balance Dec. 31, 2013
Change Fund	420.00	420.00
Ref.	A	A

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2012	2013 Budget Revenue Realized	Received	Transfer from Reserve for Grants Unappropriated	Reclassified	Canceled	Balance Dec. 31, 2013
Federal:							
Small Cities Rehabilitation	149,034.42	200,000.00	147,364.00				201,670.42
Small Cities Facilities	440,483.11	399,640.00	505,139.00		94,604.03	40,483.11	389,105.03
Older Americans Title IIIB	1,164.00		1,164.00				
State:							
NJ Transportation Trust Fund Authority Act	180,000.00	188,000.00	50,412.17		(94,604.03)	34,983.80	188,000.00
Alliance for Substance Abuse Prevention Program	8,585.20	39,000.00	38,219.20				9,366.00
Clean Communities Program		14,861.20	14,861.20				
Recycling Tonnage Grant		40,504.77		40,504.77			
Alcohol Education and Rehabilitation		947.09		947.09			
	<u>779,266.73</u>	<u>882,953.06</u>	<u>757,159.57</u>	<u>41,451.86</u>		<u>75,466.91</u>	<u>788,141.45</u>
Ref.	A	A-2	A-4	A-19		A-1	A

## SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2012			2012	2013				Dec. 31, 2013
2010	2,488.11		3,433.58		4,791.43				1,130.26
2011	1,903.36		6,070.57		6,167.00			250.00	1,556.93
2012	555,229.97		21,665.17		564,412.08			960.62	11,522.44
	<u>559,621.44</u>		<u>31,169.32</u>		<u>575,370.51</u>			<u>1,210.62</u>	<u>14,209.63</u>
2013		16,061,618.21		164,158.24	15,329,725.80	7,478.04	11,573.02	19,619.60	529,063.51
	<u>559,621.44</u>	<u>16,061,618.21</u>	<u>31,169.32</u>	<u>164,158.24</u>	<u>15,905,096.31</u>	<u>7,478.04</u>	<u>11,573.02</u>	<u>20,830.22</u>	<u>543,273.14</u>
Ref.	A							A-8	A
		Cash		Ref.					
		Homestead Rebate		A-4	15,377,078.10				
		Due State of New Jersey		A-4	410,554.74				
				A-15	117,463.47				
					<u>15,905,096.31</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax	38,331.25		
General Property Tax	15,966,106.68		
		16,004,437.93	
Added Taxes (54:4-63.1 et seq.)		57,180.28	
			16,061,618.21

**Tax Levied**

	Ref.		
Local District School Tax (Abstract)	A-16	6,838,495.00	
Regional High School Tax (Abstract)	A-17	2,794,169.00	
County Taxes:			
County Tax (Abstract)	5,722,204.19		
Local Health Services Tax (Abstract)	291,717.75		
County Open Space Preservation			
Trust Fund Tax (Abstract)	62,063.58		
Due County for Added & Omitted Taxes	32,601.97		
Total County Taxes		6,108,587.49	
Local Tax for Municipal Purposes	280,000.00		
Add: Additional Taxes Levied	40,366.72		
		320,366.72	
			16,061,618.21

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2012	A		65,933.89
Increased by:			
Transfers from Taxes Receivable	A-7	20,830.22	
Interest and Costs Accrued by Sale of July 1, 2013		<u>91.01</u>	
			<u>20,921.23</u>
			86,855.12
Decreased by:			
Collected	A-4		<u>9,875.35</u>
Balance December 31, 2013	A		<u><u>76,979.77</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2012	A	<u>551,200.00</u>
Balance December 31, 2013	A	<u><u>551,200.00</u></u>



## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued	Collected	Balance Dec. 31, 2013
<b>Miscellaneous Revenue Anticipated</b>				
Fines and Costs:				
Municipal Court	24,341.89	76,550.11	96,373.62	4,518.38
Emergency Medical Services Billings		278,342.82	278,342.82	
Energy Receipts Tax		1,354,938.00	1,354,938.00	
Uniform Construction Code Fees		117,499.00	117,499.00	
Deerfield Township - Uniform Construction Code		23,235.00		23,235.00
Uniform Fire Safety Act		22,875.43	22,875.43	
<b>Miscellaneous Revenue Not Anticipated</b>				
Interest on Investments		73,071.58	73,071.58	
Interest & Costs on Taxes		96,642.73	96,642.73	
Fees & Permits		101,958.67	101,958.67	
Cable TV Franchise Fees		35,139.59	35,139.59	
Recycling Receipts		15,247.59	15,247.59	
Payments in Lieu of Taxes		295,325.54	295,325.54	
Snow and Storm Cost Reimbursements		1,668.95	1,668.95	
Refunds		54,000.00	54,000.00	
Shared Service Municipal Court		147,035.29	147,035.29	
Sale of Municipal Assets		5,262.00	5,262.00	
Developers Settlement		5,000.00	5,000.00	
Statutory Excess from Animal Control Fund		11,296.90	11,296.90	
Miscellaneous		6,092.41	6,092.41	
	<u>24,341.89</u>	<u>2,721,181.61</u>	<u>2,717,770.12</u>	<u>27,753.38</u>
Ref.	A		A-4	A

SCHEDULE OF DEFERRED CHARGES  
NJSA 40A:4-53 SPECIAL EMERGENCY

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2012	Raised in 2013 Budget	Balance Dec. 31, 2013
11/18/2010	Revaluation Program	254,400.00	50,880.00	152,640.00	50,880.00	101,760.00
	Ref.			A	A-3	A

## SCHEDULE OF 2012 APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Paid or Charged	Balance Lapsed
Other Expenses			
Financial Administration	6,647.38	936.09	5,711.29
Audit Services	13,110.00	13,110.00	
Tax Assessment	9,264.97	10.80	9,254.17
Legal	9,153.87	3,082.06	6,071.81
Ambulance			
Utilities	3,510.98	291.32	3,219.66
Streets & Roads	9,214.34	702.82	8,511.52
Buildings and Grounds	5,725.24	45.16	5,680.08
Maintenance of Parks	2,780.04	9.04	2,771.00
Municipal Court	6,109.80	789.75	5,320.05
Other Accounts - No Change	363,814.47		363,814.47
	<u>429,331.09</u>	<u>18,977.04</u>	<u>410,354.05</u>
Ref.	A	A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Regular Fund	Federal & State Grant Fund
Balance December 31, 2012	A	310,943.75	390,856.35
Increased by:			
Charges to Appropriations	A-3	285,242.85	
Charges to Reserve for Grants	A-18		315,806.00
		<u>596,186.60</u>	<u>706,662.35</u>
Decreased by:			
Payments	A-4	210,527.08	379,598.70
Canceled	A-1:A-18	100,416.67	11,257.65
		<u>310,943.75</u>	<u>390,856.35</u>
Balance December 31, 2013	A	<u>285,242.85</u>	<u>315,806.00</u>

## SCHEDULE OF ACCOUNTS PAYABLE

	Ref.		
Balance December 31, 2012	A		40,838.00
Increased by:			
Reserve for Purchase of Land			10,000.00
			<u>50,838.00</u>
Decreased by:			
Payments	A-4	40,590.20	
Canceled	A-1	247.80	
		<u></u>	<u>40,838.00</u>
Balance December 31, 2013	A		<u>10,000.00</u>

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

Balance December 31, 2012	Ref. A		38,107.66
Increased by:			
Receipts	A-4		113,831.60
			<u>151,939.26</u>
Decreased by:			
2013 Deductions Per Tax Duplicate		118,750.00	
2013 Deductions Allowed by Collector		1,500.00	
2013 Deductions Disallowed by Collector		(2,786.53)	
		<u>117,463.47</u>	
Prior Year Deduction Disallowed	A-7 A-1	(3,250.00)	
			<u>114,213.47</u>
Balance December 31, 2013	A		<u><u>37,725.79</u></u>

SCHEDULE OF PREPAID LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2012	Ref. A		100.00
Increased by:			
Payments	A-4		6,838,394.50
			<u>6,838,494.50</u>
Decreased by:			
2013 Calendar Year School Levy	A-7		6,838,495.00
Balance December 31, 2013	A		<u><u>(0.50)</u></u>

## SCHEDULE OF PREPAID REGIONAL HIGH SCHOOL TAX

	Ref.	
Balance December 31, 2012	A	60.01
Increased by:		
Payments	A-4	<u>2,794,168.53</u>
		2,794,228.54
Decreased by:		
2013 Calendar Year School Levy	A-7	<u>2,794,169.00</u>
Balance December 31, 2013	A	<u><u>59.54</u></u>

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2012	Transferred from 2013 Budget Appropriation	Paid	Encumbered	Encumbrance Canceled	Canceled	Balance Dec. 31, 2013
Federal Grants:							
Small Cities Rehabilitation	10,953.20	210,000.00	121,683.46	100,514.50	1,256.00		11.24
Small Cities Facilities	168,581.64	419,622.00	63,354.55	14,700.00	0.40	63,182.76	446,966.73
State Grants:							
NJ Transportation Trust Fund	24,982.55	188,000.00		188,000.00	10,001.25	34,983.80	
Alliance for Substance Abuse Prevention Program		39,000.00	39,000.00				
Clean Communities Program		14,861.20	12,591.20	2,270.00			
Recycling Tonnage Grant	151,167.12	40,504.77	26,663.50	10,321.50			154,686.89
Alcohol Education and Rehabilitation		947.09					947.09
	<u>355,684.51</u>	<u>912,935.06</u>	<u>263,292.71</u>	<u>315,806.00</u>	<u>11,257.65</u>	<u>98,166.56</u>	<u>602,611.95</u>
Ref.	A	A-3	A-4	A-13	A-13	A-1	A

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2012	Received	Transfer to Grants Receivable	Canceled	Balance Dec. 31, 2013
State Grants:					
Recycling Tonnage Grant	41,004.77	36,574.04	40,504.77	500.00	36,574.04
Clean Communities	5,331.59				5,331.59
Alcohol Education and Rehabilitation	947.09		947.09		
	<u>47,283.45</u>	<u>36,574.04</u>	<u>41,451.86</u>	<u>500.00</u>	<u>41,905.63</u>
Ref.	A	A-4	A-6	A-1	A



## TRUST FUND

## SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Escrow Trust Fund	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Recreation Trust Fund	Snow Removal Trust	Affordable Housing Trust	Landfill Closure Fund	Uniform Fire Safety Penalty	Donations Senior Center	Revolving Loan Fund
Balance December 31, 2012	B	31,479.39	226,263.73	906.66	8,089.75	70,353.81	18,829.08	143,076.56	51,150.16	38,849.38	2,466.90	653.58	33,554.63
Increased by Receipts:													
Dog License Fees:													
Municipal Share	B-3	8,708.40											
State Share		1,680.60											
Interest Earned		356.71	2,099.14	13.17	69.00	706.24	219.29	1,514.88	513.85	390.28	24.76	7.04	230.44
Transfer from Current Fund								40,000.00					
Escrow Deposits			34,966.50										
Program Income				2,000.00									3,230.23
Public Defender Fees					8,032.00								
Accumulated Absence Reserve						4,300.00							
Recreation Fees							14,225.00						
Donations												275.00	
		10,745.71	37,065.64	2,013.17	8,101.00	5,006.24	14,444.29	41,514.88	513.85	390.28	24.76	282.04	3,460.67
		42,225.10	263,329.37	2,919.83	16,190.75	75,360.05	33,273.37	184,591.44	51,664.01	39,239.66	2,491.66	935.62	37,015.30
Decreased by Disbursements:													
Paid to State of New Jersey		1,690.20											
Transfer to Current Fund		7,123.90	2,123.31		15,068.95	699.82	200.50	1,468.92			24.75	6.25	
Expenditures Under R.S. 4:19-15.11	B-3	11,296.90											
Escrow Charges			53,638.22										
Municipal Alliance Expenses				1,060.27									
Recreation Expenses							11,073.95						
Small Cities Expenditures													18,339.35
		20,111.00	55,761.53	1,060.27	15,068.95	699.82	11,274.45	1,468.92			24.75	6.25	18,339.35
		22,114.10	207,567.84	1,859.56	1,121.80	74,660.23	21,998.92	183,122.52	51,664.01	39,239.66	2,466.91	929.37	18,675.95
Balance December 31, 2013	B	22,114.10	207,567.84	1,859.56	1,121.80	74,660.23	21,998.92	183,122.52	51,664.01	39,239.66	2,466.91	929.37	18,675.95

## SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2012	Ref. B		207,055.16
Increased by:			
Deposits for Redemption of Tax Sale Certificates		85,694.98	
Tax Sale Premiums		88,000.00	
Interest Earned		597.20	
		<hr/>	174,292.18
			<hr/>
			381,347.34
Decreased by:			
Refunds Upon Redemption		301,954.60	
Due Current Fund		576.09	
		<hr/>	302,530.69
			<hr/>
Balance December 31, 2013	B		<hr/> <hr/> 78,816.65

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2012	Ref. B		24,701.20
Increased by:			
Municipal Share of Dog License Fees	B-1		8,708.40
			<u>33,409.60</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1	11,296.90	
Statutory Excess Due Current Fund		<u>161.30</u>	
			<u>11,458.20</u>
Balance December 31, 2013	B		<u><u>21,951.40</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2011	12,154.20
2012	9,797.20
	<u>21,951.40</u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL FUND CASH - TREASURER

Balance December 31, 2012	Ref. C		1,619,990.68
Increased by:			
Interest Earned		10,137.88	
Budget Appropriation:			
Aid to Volunteer Fire Companies		20,000.00	
Improvements to Municipal Building & Facilities		10,000.00	
Improvements to Roads		15,450.00	
Purchase of Land - Open Space/Farmland Preservation		9,800.92	
			<u>65,388.80</u>
			1,685,379.48
Decreased by:			
Improvement Authorizations	C-6	271,812.72	
Encumbrances Payable	C-7	17,530.86	
Due Current Fund		10,364.71	
			<u>299,708.29</u>
Balance December 31, 2013	C		<u><u>1,385,671.19</u></u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2012	Receipts	Disbursements		Transfers	Balance Dec. 31, 2013
		Miscellaneous	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	359,275.77				(39,750.00)	319,525.77
Fund Balance	10,110.12					10,110.12
Reserve for Sanitary Landfill Closure	420,980.50					420,980.50
Reserve for Expansion of Facilities for Township Parks	18,667.94					18,667.94
Reserve for Purchase of Land - Farmland Preservation	208,217.75	9,800.92			(10,000.00)	208,018.67
Reserve for Improvements to Convenience Center	138,125.00					138,125.00
Reserve for Construction of a Senior Center	10,000.00					10,000.00
Reserve for Improvements to Roads	382,735.32	15,450.00			(250,000.00)	148,185.32
Reserve for Purchase of Emergency and Fire Vehicles	915.31					915.31
Reserve for Purchase of Public Works Vehicle	175,080.00					175,080.00
Reserve for Improvements to Municipal Buildings and Facilities	32,875.00	10,000.00				42,875.00
Reserve for Aid to Volunteer Fire Companies		20,000.00				20,000.00
Encumbrances Payable	18,780.86			17,530.86	734,429.60	735,679.60
Accounts Payable	12,745.00				(12,745.00)	
Due Current Fund	(554.53)	10,137.88		10,364.71	22,745.00	21,963.64
Improvement Authorizations:						
Ordinance						
Number						
663 Purchase and Installation of Municipal						
Facilities Improvements	20,602.03					20,602.03
680 Farmland Preservation and Open Space	328.68					328.68
684 Emergency Repair of Love Lane & Other						
Drainage Infrastructure Damaged by Storms	(188,894.07)		65,487.92			(254,381.99)
706 Additions and Renovations to the Ambulance						
Building			206,324.80		(477,305.20)	(683,630.00)
708 Construction of Road Improvements					32,625.60	32,625.60
	<u>1,619,990.68</u>	<u>65,388.80</u>	<u>271,812.72</u>	<u>27,895.57</u>		<u>1,385,671.19</u>
Ref.	C	C-2	C-6	C-2		C

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2012	C	359,275.77
Decreased by:		
Appropriation to Finance Improvement Authorization	C-6	<u>39,750.00</u>
Balance December 31, 2013	C	<u><u>319,525.77</u></u>



## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED

Purpose	Ordinance Number	Balance Dec. 31, 2012	2013 Authorization	Balance Dec. 31, 2013	Analysis of Balance Dec. 31, 2013	
					Expenditures	Unexpended Improvement Authorizations
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	475,000.00		475,000.00	254,381.99	220,618.01
Additions and Renovations to the Ambulance Building	706		755,250.00	755,250.00	683,630.00	71,620.00
		<u>475,000.00</u>	<u>755,250.00</u>	<u>1,230,250.00</u>	<u>938,011.99</u>	<u>292,238.01</u>
	Ref.	C	C-6	C	C-3	C-6

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

					2013 Authorizations						
	Ordinance		Balance Dec. 31, 2012		Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded	Reserve for Improvements	Paid	Encumbrance Payable	Balance Dec. 31, 2013	
Purpose	Number	Amount	Funded	Unfunded						Funded	Unfunded
Purchase and Installation of Municipal Facilities Improvements	663	70,000.00	20,602.03							20,602.03	
Farmland Preservation & Open Space	680	21,385.00	328.68							328.68	
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	500,000.00		286,105.93				65,487.92			220,618.01
Additions and Renovations to the Ambulance Building	706	795,000.00			39,750.00	755,250.00		206,324.80	517,055.20		71,620.00
Construction of Road Improvements	708	250,000.00					250,000.00		217,374.40	32,625.60	
			<u>20,930.71</u>	<u>286,105.93</u>	<u>39,750.00</u>	<u>755,250.00</u>	<u>250,000.00</u>	<u>271,812.72</u>	<u>734,429.60</u>	<u>53,556.31</u>	<u>292,238.01</u>
	Ref.		C	C	C-4	C-5	C-3	C-2	C-7	C	C

## SCHEDULE OF ENCUMBRANCE PAYABLE

Balance December 31, 2012	Ref. C	18,780.86
Increased by:		
Improvement Authorizations	C-6	<u>734,429.60</u>
		753,210.46
Decreased by:		
Disbursed	C-2	<u>17,530.86</u>
Balance December 31, 2013	C	<u><u>735,679.60</u></u>

## SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2012	2013 Authorization	Balance Dec. 31, 2013
684	Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	475,000.00		475,000.00
706	Additions and Renovations to the Ambulance Building		755,250.00	755,250.00
		<u>475,000.00</u>	<u>755,250.00</u>	<u>1,230,250.00</u>
			C-6	

## **WATER & SEWER UTILITY FUND**

## SCHEDULE OF WATER &amp; SEWER UTILITY FUND CASH - TREASURER

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2012	D	<u>816,019.63</u>	<u>807,386.25</u>
Increased by:			
Consumer Accounts Receivable:			
Water	D-7	576,318.07	
Sewer	D-7	704,247.56	
Water Liens	D-9	454.91	
Sewer Liens	D-9	702.82	
Rent Overpayments		1,016.92	
Connection Fees Receivable	D-3:D-8	108,883.14	
Fire Suppression Line Fees	D-3:D-8	52,309.13	
Interest on Investments	D-3	10,029.28	6,255.37
Interest on Delinquent Accounts	D-3	4,150.05	
Lease	D-3	47,520.00	
CAP Fees	D-3	740.00	
Grant Receivable	D-19		500,776.00
Reserve for Water Tower Repairs			81.92
Reserve for Radionuclide Treatment			150,000.00
Due from Utility Capital Fund	D-5	6,235.76	
		<u>1,512,607.64</u>	<u>657,113.29</u>
		<u>2,328,627.27</u>	<u>1,464,499.54</u>
Decreased by:			
Appropriations	D-4	1,326,087.18	
Encumbrances Payable	D-13	29,367.14	591,677.99
Improvement Authorizations	D-14		71,515.49
Due Utility Operating Fund	D-5		6,235.76
Due Current Fund	A-4	50,115.06	
Due Small Cities Revolving Loan Fund	D-1	2,697.98	
Interest on Loans and Notes		177,523.63	
		<u>1,585,790.99</u>	<u>669,429.24</u>
Balance December 31, 2013	D	<u><u>742,836.28</u></u>	<u><u>795,070.30</u></u>

## ANALYSIS OF WATER &amp; SEWER UTILITY FUND - CAPITAL FUND CASH

		Disbursements		Transfers		
		Balance	Receipts	Improvement		
		Dec. 31, 2012	Miscellaneous	Authorizations	From	To
						Balance
						Dec. 31, 2013
Capital Improvement Fund		440,187.60				440,187.60
Fund Balance		9,274.59				9,274.59
Due Utility Operating Fund		(4,786.07)	6,255.37			(4,766.46)
Reserve for Water Tower Repairs		8,153.20	81.92			8,235.12
Reserve for Love Lane Tower Improvements		135,012.00				135,012.00
Reserve for Seabrook Tower Improvements		36,358.46				36,358.46
Reserve for Radionuclide Treatment		150,000.00	150,000.00			300,000.00
Encumbrances Payable		607,292.99				114,821.20
Grant Receivable		(651,000.00)	500,776.00			(150,224.00)
Improvement Authorizations:						
Ordinance						
Number						
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	76,893.48		11,574.34	56,288.05	9,031.09
698	Various Improvements to the Water System			59,941.15	42,918.15	(102,859.30)
		<u>807,386.25</u>	<u>657,113.29</u>	<u>71,515.49</u>	<u>99,206.20</u>	<u>795,070.30</u>
Ref.		D	D-17	D-14	D-5	D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2012	D	72,531.58	91,150.43
Increased by:			
Utility Rents Levied		607,946.25	724,729.13
		<u>680,477.83</u>	<u>815,879.56</u>
Decreased by:			
Collections	D-5	576,318.07	704,247.56
Overpayments Applied		940.64	399.53
Transfer to Liens	D-9	322.50	210.00
		<u>577,581.21</u>	<u>704,857.09</u>
Balance December 31, 2013	D	<u><u>102,896.62</u></u>	<u><u>111,022.47</u></u>

## EXHIBIT D-8

## SCHEDULE OF OTHER FEES RECEIVABLE

	Ref.	Sewer Connection Fees	Fire Suppression Line Fees
Balance December 31, 2012	D	60,671.50	216,077.07
Increased by:			
Billings		75,268.06	28,128.00
		<u>135,939.56</u>	<u>244,205.07</u>
Decreased by:			
Collections	D-5	108,883.14	52,309.13
Balance December 31, 2013	D	<u><u>27,056.42</u></u>	<u><u>191,895.94</u></u>



## SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2012	D	<u>749.05</u>	<u>1,193.28</u>
Increased by:			
Transfer from Water & Sewer	D-7	<u>322.50</u>	<u>210.00</u>
		1,071.55	1,403.28
Decreased by:			
Collections	D-5	<u>454.91</u>	<u>702.82</u>
Balance December 31, 2013	D	<u><u>616.64</u></u>	<u><u>700.46</u></u>

## SCHEDULE OF FIXED CAPITAL

Purpose	Balance Dec. 31, 2012	Balance Dec. 31, 2013
Various Sewer and Water System Capital Improvements	3,490,000.00	3,490,000.00
Expenses Associated with Conveyance of Land and Easements	30,000.00	30,000.00
Various Water System Capital Improvements	405,000.00	405,000.00
Purchase of Seabrook Water Company	141,500.00	141,500.00
	<u>4,066,500.00</u>	<u>4,066,500.00</u>
Ref.	D	D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2012	2013 Authorizations Deferred Charges to Future Revenue	Balance Dec. 31, 2013
		Date	Amount			
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	3,000,000.00		3,000,000.00
629	Construction of Seabrook Water Treatment Plant	5/7/09	3,299,000.00	3,299,000.00		3,299,000.00
698	Various Improvements to the Water System	3/12/13	200,000.00		200,000.00	200,000.00
				6,299,000.00	200,000.00	6,499,000.00
			Ref.	D	D-14	D

## SCHEDULE OF 2012 APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Balance Lapsed
Operating:		
Salaries and Wages	9,006.72	9,006.72
Other Expenses	62,702.60	62,702.60
Utilities Authority	223.00	223.00
Social Security System Contribution	24.14	24.14
Unemployment	1,007.54	1,007.54
	<u>72,964.00</u>	<u>72,964.00</u>
Ref.	D	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2012	D	<u>32,899.05</u>	<u>607,292.99</u>
Increased by:			
Charges to Current Year Appropriations	D-4	53,218.38	
Charges to Improvement Authorizations	D-14		99,206.20
		<u>86,117.43</u>	<u>706,499.19</u>
Decreased by:			
Canceled	D-1	3,531.91	
Payments	D-5	29,367.14	591,677.99
		<u>32,899.05</u>	<u>591,677.99</u>
Balance December 31, 2013	D	<u>53,218.38</u>	<u>114,821.20</u>

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2012 Funded	2013 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2013	
		Date	Amount				Funded	Unfunded
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	76,893.48		67,862.39	9,031.09	
698	Various Improvements to the Water System	3/12/13	200,000.00		200,000.00	102,859.30		97,140.70
				<u>76,893.48</u>	<u>200,000.00</u>	<u>170,721.69</u>	<u>9,031.09</u>	<u>97,140.70</u>
			Ref.	D	D-11		D	D
				Cash	Ref.			
				Encumbered	D-5	71,515.49		
					D-13	99,206.20		
						<u>170,721.69</u>		

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2012	D	440,187.60
Balance December 31, 2013	D	<u>440,187.60</u>

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2012	Paid From Operating Budget Loans	Balance Dec. 31, 2013
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	15,512.00	31,490.91	47,002.91
629	Construction of Seabrook Water Treatment Plant	5/7/09	48,528.44	33,474.60	82,003.04
			64,040.44	64,965.51	129,005.95
		Ref.	D		D

## SCHEDULE OF LOAN PAYABLE

Balance December 31, 2012	Ref. D	5,880,830.05
Decreased by: Payments		<u>115,126.37</u>
Balance December 31, 2013	D	<u><u>5,765,703.68</u></u>



## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>2013 Authorization</u>	<u>Balance Dec. 31, 2013</u>
698	Various Improvements to the Water System	<u>200,000.00</u>	<u>200,000.00</u>
	Ref.	D-14	

## SCHEDULE OF GRANT RECEIVABLE

Balance December 31, 2012	Ref. D	651,000.00
Decreased by: Receipts	D-5	500,776.00
Balance December 31, 2013	D	<u>150,224.00</u>

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

## **GENERAL COMMENTS**

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

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

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

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

Furnishing and delivery of drainage pipe and swale – Colonial Terrace  
Renovations and additions to the existing Upper Deerfield EMS  
Reconstruction of Love Lane

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

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

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

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

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

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

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

WHEREAS, under the provisions of NJSA 54:4-67 the governing body is authorized to fix the rate of discount for prepayment of property taxes or assessments and to fix the rate of interest for non-payment of property taxes or assessments on or before the date when they would become delinquent; and

WHEREAS, the aforesaid statute was amended to provide for the assessing of a penalty to be charged to a taxpayer with a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS; and

WHEREAS, pursuant to NJSA 54:4-66, it is provided that property taxes shall be payable in quarterly annual installments with the first installment due on February 1<sup>st</sup>, the second installment due on May 1<sup>st</sup>, the third installment due on August 1<sup>st</sup> and the fourth installment due on November 1<sup>st</sup>, after which dates, if unpaid, they shall become delinquent, which statute also provides for the manner in which quarterly installments or property taxes shall be determined and received;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF UPPER DEERFIELD:

- A. That no discount be allowed for prepayment of property taxes or assessments;
- B. That the rate of interest to be charged for the non-payment of property taxes or assessments on or before the date they would become delinquent, as fixed by statute, shall be Eight (8%) Percent per annum on the first ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS of the delinquency, and Eighteen (18%) Percent per annum on any amount in excess of ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS, to be calculated from the date the tax was payable to the date of actual payment, provided no interest shall be charged if payment of any installment is made on the due date; provided, however, that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same become payable; and
- C. In the event there is a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS at the end of the calendar year, then the Tax Collector is authorized to charge a penalty of Six (6%) Percent of the amount of the delinquency. The delinquency shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on July 1, 2013, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2013	18
2012	21
2011	33

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

**Verification of Delinquent Taxes and Other Charges**

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

**Comparison of Tax Levies and Collections Currently**

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Levy	16,061,618.21	15,777,152.98	16,093,457.47
Cash Collections	15,501,362.08	15,142,352.41	15,526,951.11
Percentage of Collections	96.51%	95.98%	96.48%

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	2.548	2.497	3.787
Apportionment of Tax Rate:			
Municipal	0.045	0.030	
County	0.969	0.947	1.570
Local School	1.089	1.065	1.547
Regional High School	0.445	0.455	0.670
Assessed Valuation	628,117,666	630,201,916	424,194,653

**Comparative Schedule of Delinquent Taxes and Tax Title Liens**

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

	2013	2012	2011
Amount of Tax Title Liens	76,979.77	65,933.89	143,102.60
Delinquent Taxes	543,273.14	559,621.44	493,469.40
Total Delinquent	620,252.91	625,555.33	636,572.00
Percentage of Tax Levy	3.86%	3.96%	3.96%

**Comparative Schedule of Property Acquired by Tax Title Lien Liquidation**

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

	2013	2012	2011
Property Acquired for Taxes (Assessed Valuation)	551,200.00	551,200.00	82,800.00

**OTHER COMMENTS****Accounting Procedures**

A general ledger has been established as required by NJAC 5:30-5.7.

An encumbrance accounting system has been established as required by NJAC 5:30-5.2.

A fixed asset accounting and reporting system has been established as required by NJAC 5:30-5.6.

**Corrective Action Plan**

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

**FINDINGS AND RECOMMENDATIONS**

None

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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