

**TOWNSHIP OF UPPER DEERFIELD  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2015**

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## **PART I**

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## **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 groups of the Township of Upper Deerfield, as of December 31, 2015 and 2014, 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, 2015, 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015, 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 federal financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 federal financial assistance 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 federal financial assistance 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 19, 2016, 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 19, 2016



## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance	Balance
		Dec. 31, 2015	Dec. 31, 2014
<b>Regular Fund</b>			
Cash - Treasurer	A-4	\$ 4,728,596.53	\$ 4,352,436.44
Change Fund	A-5	520.00	420.00
		<u>4,729,116.53</u>	<u>4,352,856.44</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	484,565.87	651,952.25
Tax Title Liens Receivable	A-8	145,227.17	97,314.17
Property Acquired for Taxes -			
Assessed Valuation	A-9	544,600.00	544,600.00
Clean Up Charges Receivable		1,681.87	1,534.88
Revenue Accounts Receivable	A-10	4,217.17	24,157.40
Due from Animal Control Trust Fund	B	169.07	185.23
Due from Uniform Fire Safety Penalty Fund	B	0.73	2.09
Due from Accumulated Absence Trust Fund	B	22.23	63.79
Due from Tax Sale Premium Fund	B	23.40	86.73
Due from Snow Removal Trust Fund	B	0.63	156.87
Due from Donations - Senior Citizen Center	B	0.27	0.78
Due from Public Defender Trust Fund	B	2.12	0.64
Due from Recreation Trust Fund	B	5.34	15.01
Due from POAA Trust	B	2.13	0.05
Due from Payroll Agency Trust	B	4,659.04	4,654.05
Due from General Capital Fund	C	3,706.49	12,861.38
Prepaid Regional High School Tax			58.84
		<u>1,188,883.53</u>	<u>1,337,644.16</u>
Deferred Charges:			
Special Emergency Appropriation			50,880.00
		<u>5,918,000.06</u>	<u>5,741,380.60</u>
<b>Federal and State Grant Fund</b>			
Grants Receivable	A-6	89,135.29	567,483.00
Due from Current Fund	A	211,290.69	129,902.51
Due from Utility Operating Fund			20,000.00
		<u>300,425.98</u>	<u>717,385.51</u>
		<u>\$ 6,218,426.04</u>	<u>\$ 6,458,766.11</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, 2015</b>	<b>Balance Dec. 31, 2014</b>
<b>Regular Fund</b>			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 376,783.96	\$ 376,519.90
Encumbrances Payable	A-13	383,545.63	238,116.84
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	35,388.94	38,803.68
Prepaid Taxes		302,918.12	157,654.24
Tax Overpayments		4,956.77	2,164.85
Reserve for Tax Appeals Pending		350,000.00	350,000.00
Due State of New Jersey - Fees		5,337.00	4,033.00
Due Deerfield Township - UCC Fees			2,527.00
Due Fairfield Township - UCC Fees		15,683.00	6,906.00
Due Millville City - UCC Fees		1,198.00	
Due Federal and State Grant Fund	A	211,290.69	129,902.51
Due Escrow Trust Fund	B	2,210.35	1,867.62
Due Utility Operating Fund			17,239.68
Local School Tax Payable	A-15	1.50	1.50
Regional High School Tax Payable	A-16	62,345.16	
Due County for Added & Omitted Taxes		8,289.46	11,311.74
		<u>1,759,948.58</u>	<u>1,337,048.56</u>
Reserve for Receivables		1,188,883.53	1,337,644.16
Fund Balance	A-1	2,969,167.95	3,066,687.88
		<u>5,918,000.06</u>	<u>5,741,380.60</u>
<b>Federal and State Grant Fund</b>			
Encumbrances Payable	A-13	192,378.98	10,902.50
Due Utility Operating Fund	D	4,340.29	
Reserve for Grants - Appropriated	A-17	103,706.71	669,398.98
Reserve for Grants - Unappropriated			37,084.03
		<u>300,425.98</u>	<u>717,385.51</u>
		<u>\$ 6,218,426.04</u>	<u>\$ 6,458,766.11</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.	Year 2015	Year 2014
Fund Balance Utilized	A-2	\$ 1,731,346.00	\$ 1,819,014.99
Miscellaneous Revenue Anticipated	A-2	2,646,198.04	2,133,346.34
Receipts from Delinquent Taxes	A-2	577,929.49	539,005.89
Receipts from Current Taxes	A-2	17,454,297.64	16,141,982.91
Non-Budget Revenue	A-2	751,756.96	853,301.13
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	366,625.06	378,507.02
Encumbrances Payable Canceled	A-13	66,903.19	103,673.89
Accounts Payable Canceled			107.75
Interfund Loan Returned		13,275.21	8,571.41
Total Income		<u>23,608,331.59</u>	<u>21,977,511.33</u>
<b>Expenditures</b>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	982,650.00	1,067,646.00
Other Expenses	A-3	2,143,350.00	2,149,350.00
Deferred Charges and Statutory Expenditures	A-3	212,044.00	216,927.17
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	354,500.00	187,000.00
Other Expenses	A-3	421,893.69	337,909.14
Capital Improvements	A-3	395,000.00	200,000.00
Deferred Charges	A-3	75,880.00	50,880.00
County Taxes	A-7	7,056,766.79	6,560,771.44
Due County for Added Taxes	A-7	8,289.46	11,311.74
Local District School Tax	A-7	7,105,326.00	6,976,734.00
Regional High School Tax	A-7	3,217,625.00	2,856,157.00
Prior Year Deductions Disallowed			2,500.00
Grants Receivable Canceled			63,638.45
Interfund Loan Advanced		1,180.58	7,303.03
Total Expenditures		<u>21,974,505.52</u>	<u>20,688,127.97</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 2015	Year 2014
Statutory Excess to Fund Balance		<u>1,633,826.07</u>	<u>1,289,383.36</u>
<b>Fund Balance</b>			
Balance January 1	A	<u>3,066,687.88</u>	<u>3,596,319.51</u>
		4,700,513.95	4,885,702.87
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,731,346.00</u>	<u>1,819,014.99</u>
Balance December 31	A	<u><u>\$ 2,969,167.95</u></u>	<u><u>\$ 3,066,687.88</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 2015	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,731,346.00		\$ 1,731,346.00	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-10	70,000.00		79,625.97	\$ 9,625.97
Emergency Medical Services Billings	A-10	255,387.50		315,307.45	59,919.95
Energy Receipts Tax	A-10	1,354,938.00		1,354,938.00	
Uniform Construction Code Fees	A-10	85,000.00		113,918.00	28,918.00
Cumberland Salem Regional Court	A-10	150,710.00		185,297.07	34,587.07
Deerfield & Fairfield Townships - Uniform Construction Code	A-10	39,500.00		83,785.04	44,285.04
New Jersey Transportation Trust Fund	A-6		\$ 170,000.00	170,000.00	
Recycling Tonnage Grant	A-6	37,084.03		37,084.03	
Clean Communities Program	A-6		16,965.16	16,965.16	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	17,483.00	17,513.00	34,996.00	
Fire Fighters Assistance Grant	A-6	231,751.00		231,751.00	
Uniform Fire Safety Act	A-10	22,000.00		22,530.32	530.32
Total Miscellaneous Revenues		2,263,853.53	204,478.16	2,646,198.04	177,866.35
Receipts from Delinquent Taxes	A-2	540,000.00		577,929.49	37,929.49
Subtotal General Revenues		4,535,199.53	204,478.16	4,955,473.53	215,795.84
Amount to be Raised by Taxation	A-2	544,000.00		764,650.39	220,650.39
Budget Totals		5,079,199.53	204,478.16	5,720,123.92	\$ 436,446.23
Non-Budget Revenues	A-2			751,756.96	
		<u>\$ 5,079,199.53</u>	<u>\$ 204,478.16</u>	<u>\$ 6,471,880.88</u>	
	Ref.	A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

<b>Analysis of Realized Revenue</b>	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	\$ 17,454,297.64
Allocated to:		
School and County Taxes		17,388,007.25
Balance for Support of Municipal Budget Appropriation		66,290.39
Increased by: Appropriation "Reserve for Uncollected Taxes"	A-3	698,360.00
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 764,650.39</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 560,267.85
Tax Title Liens	A-8	17,661.64
	A-2	<u>\$ 577,929.49</u>
<b>Analysis of Non-Budget Revenue</b>	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Interest on Investments	A-10	\$ 61,473.76
Interest & Costs on Taxes	A-10	134,019.10
Fees & Permits	A-10	105,521.32
Cable TV Franchise Fees	A-10	39,308.03
Recycling Receipts	A-10	5,865.20
Payments in Lieu of Taxes	A-10	365,656.73
Shared Service Construction Code	A-10	34,480.00
Sale of Municipal Assets	A-10	4,982.02
Miscellaneous	A-10	450.80
	A-2	<u>\$ 751,756.96</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	\$ 105,000.00	\$ 107,000.00	\$ 103,349.29		\$ 3,650.71
Other Expenses	22,000.00	22,000.00	18,399.37	\$ 2,921.56	679.07
Mayor and Township Committee					
Salaries and Wages	59,700.00	59,700.00	59,619.00		81.00
Other Expenses	16,000.00	16,000.00	9,856.29	2,247.10	3,896.61
Municipal Clerk					
Salaries and Wages	41,200.00	41,200.00	40,350.50		849.50
Other Expenses	35,000.00	35,000.00	18,315.64	4,781.59	11,902.77
Financial Administration					
Salaries and Wages	88,000.00	88,000.00	87,041.26		958.74
Other Expenses	14,000.00	14,000.00	6,711.36	1,017.12	6,271.52
Audit Services					
Other Expenses	19,750.00	19,750.00	3,000.00	16,750.00	
Revenue Administration					
Salaries and Wages	52,500.00	52,500.00	50,504.41		1,995.59
Other Expenses	11,000.00	11,000.00	9,640.80	331.99	1,027.21
Tax Assessment					
Other Expenses	60,000.00	60,000.00	31,839.99	6,663.48	21,496.53
Legal Services and Costs					
Other Expenses	87,500.00	87,500.00	48,760.58	14,156.92	24,582.50
Engineering Services and Costs					
Other Expenses	35,000.00	35,000.00	16,871.39		18,128.61
Economic Development					
Salaries and Wages	500.00	500.00	280.00		220.00
Other Expenses	30,000.00	30,000.00	18,451.63	41.43	11,506.94
Historic Commission					
Salaries and Wages	700.00	700.00	630.00		70.00
Other Expenses	13,000.00	13,000.00	10,367.16	398.31	2,234.53

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	8,150.00	8,150.00	8,060.88		89.12
Other Expenses	50,000.00	50,000.00	19,748.45	25,736.89	4,514.66
Zoning Officer					
Salaries and Wages	33,650.00	33,650.00	33,495.68		154.32
Other Expenses	6,000.00	6,000.00	2,290.75	101.92	3,607.33
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>					
Housing Official					
Salaries and Wages	33,650.00	33,650.00	33,495.32		154.68
<b>INSURANCE</b>					
Liability Insurance	50,000.00	50,000.00	47,592.98		2,407.02
Workers Compensation	105,000.00	105,000.00	99,134.02		5,865.98
Employee Group Insurance	412,000.00	412,000.00	345,365.92	42,398.69	24,235.39
Payments in Lieu of Benefits	32,000.00	32,000.00	26,162.88		5,837.12
<b>PUBLIC SAFETY FUNCTIONS</b>					
Emergency Management					
Salaries and Wages	3,570.00	3,570.00	3,570.00		
Other Expenses	5,000.00	5,000.00	1,024.33		3,975.67
Aid to Volunteer Fire Companies					
Other Expenses	90,000.00	90,000.00	79,508.68	10,064.44	426.88
Utilities	54,000.00	54,000.00	33,172.50	7,127.78	13,699.72
Ambulance					
Utilities	37,000.00	37,000.00	28,208.97	4,511.40	4,279.63
First Aid Organization - Contribution	12,500.00	12,500.00	10,850.19		1,649.81
Fire Safety Official					
Salaries and Wages	12,500.00	12,500.00	10,047.00		2,453.00
Other Expenses	10,000.00	10,000.00	4,422.70	526.18	5,051.12
Municipal Prosecutor					
Salaries and Wages	26,000.00	26,000.00	26,000.00		
Other Expenses	2,500.00	500.00			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	148,500.00	148,500.00	140,222.99		8,277.01
Other Expenses	95,000.00	95,000.00	86,785.74	7,190.60	1,023.66
Utilities	43,000.00	43,000.00	28,072.67	8,400.52	6,526.81
Snow Removal					
Salaries and Wages	7,500.00	7,500.00	1,378.96		6,121.04
Other Expenses	60,000.00	60,000.00	48,749.34	500.00	10,750.66
Shade Tree Committee					
Other Expenses	8,000.00	8,000.00			8,000.00
Solid Waste Convenience Center					
Salaries and Wages	42,500.00	42,500.00	38,283.13		4,216.87
Other Expenses	125,000.00	125,000.00	85,580.44	11,194.78	28,224.78
Utilities	5,000.00	5,000.00	2,295.46	263.24	2,441.30
Buildings and Grounds					
Salaries and Wages	80,000.00	80,000.00	72,311.95		7,688.05
Other Expenses	46,500.00	46,500.00	28,670.02	6,184.80	11,645.18
Utilities	42,000.00	42,000.00	31,882.52	3,814.99	6,302.49
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	6,800.00	6,800.00	6,659.02		140.98
Other Expenses	2,000.00	2,000.00	643.28	15.55	1,341.17
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	840.00		160.00
Other Expenses	3,000.00	3,000.00	1,148.22	67.47	1,784.31
Animal Control					
Salaries and Wages	5,950.00	5,950.00	5,931.71		18.29
Other Expenses	30,000.00	30,000.00	20,549.21	3,253.28	6,197.51

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	280.00	280.00			280.00
Other Expenses	2,000.00	2,000.00	38.47	25.81	1,935.72
Senior Center					
Salaries and Wages	22,500.00	22,500.00	18,532.56		3,967.44
Other Expenses	18,000.00	18,000.00	6,742.02	3,243.76	8,014.22
Utilities	14,000.00	14,000.00	10,947.68	2,101.09	951.23
Maintenance of Parks					
Salaries and Wages	52,500.00	52,500.00	47,224.47		5,275.53
Other Expenses	48,000.00	48,000.00	42,825.98	5,153.43	20.59
Utilities	3,500.00	3,500.00	3,398.23	65.90	35.87
Bostwick Lake Commission					
Other Expenses	4,500.00	4,500.00	4,500.00		
<b>OTHER OPERATING FUNCTIONS</b>					
Accumulated Leave Compensation	100.00	100.00			100.00
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Street Lighting	140,000.00	140,000.00	126,303.40	11,403.89	2,292.71
<b>SOLID WASTE DISPOSAL COSTS</b>					
Landfill Disposal Costs					
Other Expenses	170,000.00	170,000.00	124,457.40	30,740.91	14,801.69
<b>MUNICIPAL COURT</b>					
Municipal Court					
Salaries and Wages	44,500.00	44,500.00	44,500.00		
Other Expenses	33,000.00	39,000.00	34,057.41	4,936.72	5.87
Public Defender					
Other Expenses	13,500.00	13,500.00	13,062.50		437.50

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	77,500.00	88,000.00	81,909.33		6,090.67
Other Expenses	40,000.00	22,000.00	11,521.21	1,253.47	9,225.32
Electrical Sub-code					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Plumbing Sub-code					
Salaries and Wages	11,000.00	11,500.00	11,286.02		213.98
Fire Sub-code					
Salaries and Wages	1,000.00	1,000.00	958.35		41.65
Total Operations Within "CAPS"	3,127,000.00	3,126,000.00	2,533,409.61	239,587.01	353,003.38
Detail:					
Salaries and Wages	969,650.00	982,650.00	929,481.83		53,168.17
Other Expenses	2,157,350.00	2,143,350.00	1,603,927.78	239,587.01	299,835.21
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	117,844.00	117,844.00	117,844.00		
Social Security System	77,200.00	78,200.00	78,121.74		78.26
Unemployment Compensation	8,500.00	8,500.00	7,017.03		1,482.97
Defined Contribution Retirement Program	7,500.00	7,500.00	3,750.74		3,749.26
Total Deferred Charges & Statutory Expenditures	211,044.00	212,044.00	206,733.51		5,310.49
Total Appropriations Within "CAPS"	3,338,044.00	3,338,044.00	2,740,143.12	239,587.01	358,313.87

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>SHARED SERVICES AGREEMENTS</b>				
Construction Code				
Salaries and Wages	39,500.00	39,500.00	34,419.75	5,080.25
Cumberland Salem Regional Court				
Salaries and Wages	140,000.00	140,000.00	139,841.35	158.65
Other Expenses	10,710.00	10,710.00	9,587.83	1,122.17
Total Shared Service Agreements	190,210.00	190,210.00	183,848.93	6,361.07
<b>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES</b>				
Ambulance				
Salaries and Wages	175,000.00	175,000.00	165,482.87	9,517.13
Other Expenses	80,387.50	80,387.50	73,586.99	2,591.89
Total Additional Appropriations Offset by Revenues	255,387.50	255,387.50	239,069.86	12,109.02
<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		16,965.16	16,965.16	
Alliance for Substance Abuse Prevention Program	17,483.00	34,996.00	34,996.00	
Recycling Tonnage	37,084.03	37,084.03	37,084.03	
Fire Fighters Assistance Grant	231,751.00	231,751.00	231,751.00	
Total Public and Private Programs	296,318.03	330,796.19	330,796.19	
Total Operations Excluded from "CAPS"	741,915.53	776,393.69	753,714.98	4,208.62      18,470.09
Detail:				
Salaries and Wages	354,500.00	354,500.00	339,743.97	14,756.03
Other Expenses	387,415.53	421,893.69	413,971.01	4,208.62      3,714.06

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	50,000.00	50,000.00	50,000.00		
Improvements to Roads	165,000.00	165,000.00	25,250.00	139,750.00	
Purchase of Land - Open Space/ Farmland Preservation	10,000.00	10,000.00	10,000.00		
New Jersey Transportation Trust Fund		170,000.00	170,000.00		
Total Capital Improvements	225,000.00	395,000.00	255,250.00	139,750.00	
<b>DEFERRED CHARGES</b>					
Special Emergency Authorization - 5 Years	50,880.00	50,880.00	50,880.00		
Deferred Charges to Future Taxation Unfunded: Additions & Renovations to Ambulance Building	25,000.00	25,000.00	25,000.00		
Total Deferred Charges	75,880.00	75,880.00	75,880.00		
Total Appropriations Excluded from "CAPS"	1,042,795.53	1,247,273.69	1,084,844.98	143,958.62	18,470.09
Total General Appropriations for Municipal Purposes	4,380,839.53	4,585,317.69	3,824,988.10	383,545.63	376,783.96
RESERVE FOR UNCOLLECTED TAXES	698,360.00	698,360.00	698,360.00		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 5,079,199.53</u>	<u>\$ 5,283,677.69</u>	<u>\$ 4,523,348.10</u>	<u>\$ 383,545.63</u>	<u>\$ 376,783.96</u>
Ref.	A-2	A-3		A-13	A
Budget	Ref.				
Appropriations by 40A:4-87	A-3	\$ 5,079,199.53			
	A-2	204,478.16			
		<u>\$ 5,283,677.69</u>			
Reserve for Grants	Ref.				
Reserve for Uncollected Taxes	A-17	\$ 490,796.19			
Deferred Charges	A-2	698,360.00			
Disbursed	A-11	50,880.00			
	A-4	3,283,311.91			
		<u>\$ 4,523,348.10</u>			

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, 2015	Balance Dec. 31, 2014
Animal Control Trust Fund			
Cash	B-1	\$ 14,696.07	\$ 18,671.03
Escrow Trust Fund			
Cash	B-1	201,691.79	186,191.80
Due Current Fund	A	2,210.35	1,867.62
		<u>203,902.14</u>	<u>188,059.42</u>
Tax Sale Premium Fund			
Cash - Collector	B-2	72,823.40	99,808.11
Municipal Alliance Trust Fund			
Cash	B-1	2,430.67	1,794.93
Public Defender Trust Fund			
Cash	B-1	931.79	967.31
Accumulated Absence Trust Fund			
Cash	B-1	74,622.23	74,663.79
Recreation Trust Fund			
Cash	B-1	17,931.65	16,768.32
Snow Removal Trust Fund			
Cash	B-1	196,999.77	197,156.01
Affordable Housing Trust Fund			
Cash	B-1	52,372.51	52,183.03
Landfill Closure Fund			
Cash	B-1	39,777.78	39,633.87
Uniform Fire Safety Penalty Monies			
Cash	B-1	2,445.73	2,447.09
Donations Senior Center			
Cash	B-1	915.28	915.79
Small Cities Revolving Loan Fund			
Cash	B-1	97,336.35	55,770.45

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



COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS (CONTINUED)</b>	Ref.	Balance	Balance
		Dec. 31, 2015	Dec. 31, 2014
POAA Trust			
Cash	B-1	38.13	30.05
Payroll Agency Fund			
Cash	B-1	7,616.21	14,569.25
		<u>\$ 784,839.71</u>	<u>\$ 763,438.45</u>
<b>LIABILITIES AND RESERVES</b>			
Animal Control Trust Fund			
Due Current Fund	A	\$ 169.07	\$ 185.23
Due State of New Jersey		28.80	6.60
Reserve for Dog Fund Expenditures	B-3	14,498.20	18,479.20
		<u>14,696.07</u>	<u>18,671.03</u>
Escrow Trust Fund			
Reserve for Escrow Fees		203,902.14	188,059.42
Tax Sale Premium Fund			
Due Current Fund	A	23.40	86.73
Deposits for Redemption of Tax Sale Certificates			221.38
Reserve for Premiums		72,800.00	99,500.00
		<u>72,823.40</u>	<u>99,808.11</u>
Municipal Alliance Trust Fund			
Reserve for Municipal Alliance		2,430.67	1,794.93
Public Defender Trust Fund			
Due Current Fund	A	2.12	0.64
Reserve for Public Defender Fees		929.67	966.67
		<u>931.79</u>	<u>967.31</u>
Accumulated Absence Trust Fund			
Due Current Fund	A	22.23	63.79
Reserve for Accumulated Absences		74,600.00	74,600.00
		<u>74,622.23</u>	<u>74,663.79</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, 2015	Balance Dec. 31, 2014
Recreation Trust Fund			
Due Current Fund	A	5.34	15.01
Reserve for Recreation		17,926.31	16,753.31
		<u>17,931.65</u>	<u>16,768.32</u>
Snow Removal Trust Fund			
Due Current Fund	A	0.63	156.87
Reserve for Snow Removal		196,999.14	196,999.14
		<u>196,999.77</u>	<u>197,156.01</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing		52,372.51	52,183.03
Landfill Closure Fund			
Reserve for Landfill Closure		39,777.78	39,633.87
Uniform Fire Safety Penalty Fund			
Due Current Fund	A	0.73	2.09
Reserve for Uniform Fire Safety		2,445.00	2,445.00
		<u>2,445.73</u>	<u>2,447.09</u>
Donations Senior Center			
Due Current Fund	A	0.27	0.78
Reserve for Donations		915.01	915.01
		<u>915.28</u>	<u>915.79</u>
Small Cities Revolving Loan Fund			
Reserve for Small Cities		97,336.35	55,770.45
POAA Trust			
Due Current Fund	A	2.13	0.05
Reserve for POAA Fees		36.00	30.00
		<u>38.13</u>	<u>30.05</u>
Payroll Agency Fund			
Due Current Fund	A	4,659.04	4,654.05
Reserve for Agencies		2,957.17	9,915.20
		<u>7,616.21</u>	<u>14,569.25</u>
		<u><u>\$ 784,839.71</u></u>	<u><u>\$ 763,438.45</u></u>

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, 2015	Dec. 31, 2014
Cash	C-2	\$ 910,612.03	\$ 683,723.39
Deferred Charges to Future Taxation			
Unfunded	C-5	1,205,250.00	1,230,250.00
		<u>\$ 2,115,862.03</u>	<u>\$ 1,913,973.39</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Encumbrances Payable	C-7	\$ 62,410.45	\$ 12,000.00
Improvement Authorizations:			
Funded	C-6	324,764.24	283,991.66
Unfunded	C-6	383,994.88	327,598.38
Capital Improvement Fund	C-4	227,680.77	312,680.77
Due Current Fund	A	3,706.49	12,861.38
Reserve for Sanitary Landfill Closure		295,980.50	295,980.50
Reserve for Expansion of Facilities for Township Parks		1,667.94	18,667.94
Reserve for Purchase of Land - Farmland Preservation		458,347.35	248,347.35
Reserve for Improvements to Convenience Center		13,125.00	13,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		61,739.98	161,739.98
Reserve for Improvements to Municipal Buildings			
and Facilities		42,875.00	875.00
Reserve for Purchase of Emergency and Fire Vehicles		60,915.31	10,915.31
Reserve for Purchase of Public Works Vehicle		118,080.00	175,080.00
Reserve for Aid to Volunteer Fire Companies		40,000.00	20,000.00
Fund Balance	C-1	10,574.12	10,110.12
		<u>\$ 2,115,862.03</u>	<u>\$ 1,913,973.39</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, 2014	Ref. C	\$ 10,110.12
Increased by:		
Cancellation of Funded Improvement Authorization:		
Ordinance Number 726	C-6	464.00
Balance December 31, 2015	C	<u>\$ 10,574.12</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, 2015	Balance Dec. 31, 2014
<b>Operating Fund</b>			
Cash	D-5	\$ 707,009.43	\$ 713,938.43
Due from Current Fund			17,239.68
Due from Utility Capital Fund	D	155.92	666.09
Due from Federal and State Grant Fund	A	4,340.29	
		<u>711,505.64</u>	<u>731,844.20</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-7	114,323.51	121,580.06
Consumer Accounts Receivable - Sewer	D-7	110,598.91	126,150.09
Connection Fees Receivable	D-8	54,978.14	22,395.12
Fire Suppression Lines Receivable	D-8	4,931.84	5,132.34
Water Liens	D-9	616.64	616.64
Sewer Liens	D-9	700.46	700.46
		<u>286,149.50</u>	<u>276,574.71</u>
Total Operating Fund		<u>997,655.14</u>	<u>1,008,418.91</u>
<b>Capital Fund</b>			
Cash	D-5	668,417.60	933,271.76
Grant Receivable	D-19	150,224.00	150,224.00
Fixed Capital	D-10	7,733,007.84	4,066,500.00
Fixed Capital Authorized and Uncompleted	D-11	3,250,000.00	6,866,507.84
		<u>11,801,649.44</u>	<u>12,016,503.60</u>
Total Capital Fund		<u>\$ 12,799,304.58</u>	<u>\$ 13,024,922.51</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, 2015</b>	<b>Balance Dec. 31, 2014</b>
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 54,705.41	\$ 33,134.26
Encumbrances Payable	D-13	50,748.45	20,827.91
Water Rent Overpayments		1,893.03	1,171.83
Sewer Rent Overpayments		278.94	287.72
Accrued Interest on Loan		15,846.91	16,214.56
Due Federal and State Grant Fund			20,000.00
		<hr/>	<hr/>
		123,472.74	91,636.28
Reserve for Receivables		286,149.50	276,574.71
Fund Balance	D-1	588,032.90	640,207.92
		<hr/>	<hr/>
Total Operating Fund		997,655.14	1,008,418.91
		<hr/>	<hr/>
<b>Capital Fund</b>			
Loan Payable	D-17	5,523,781.24	5,646,734.83
Encumbrances Payable			28,993.04
Improvement Authorizations:			
Funded	D-14	41,181.76	392,153.93
Unfunded	D-14	150,040.03	150,040.03
Capital Improvement Fund	D-15	390,187.60	440,187.60
Due Utility Operating Fund	D	155.92	666.09
Reserve for:			
Water Tower Repairs		44,682.54	8,317.86
Love Lane Tower Improvements		135,012.00	135,012.00
Seabrook Tower Improvements			36,358.46
Radionuclide Treatment		232,492.16	82,492.16
Reserve for Amortization		5,097,330.24	4,523,233.86
Deferred Reserve for Amortization	D-16	161,896.36	563,039.15
Fund Balance	D-2	24,889.59	9,274.59
		<hr/>	<hr/>
Total Capital Fund		11,801,649.44	12,016,503.60
		<hr/>	<hr/>
		\$ 12,799,304.58	\$ 13,024,922.51
		<hr/>	<hr/>

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 2015	Year 2014
Fund Balance Utilized	D-3	\$ 361,370.00	\$ 320,472.50
Sewer Rents	D-3	792,940.48	749,926.47
Water Rents	D-3	768,862.35	650,109.37
Fire Suppression Line Fees	D-3	55,322.50	54,441.65
Small Cities Facilities Grant			400,000.00
Miscellaneous Revenue Not Anticipated	D-3	66,722.18	126,939.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	33,134.26	108,217.06
Encumbrances Payable Canceled	D-13	1,845.56	20,880.81
Total Income		<u>2,080,197.33</u>	<u>2,430,987.46</u>
<b>Expenditures</b>			
Operating	D-4	1,283,700.00	1,588,700.00
Capital Improvements	D-4	180,000.00	150,000.00
Debt Service	D-4	292,282.35	292,218.42
Deferred Charges and Statutory Expenditures	D-4	15,020.00	14,122.50
Due Small Cities Revolving Loan Fund			1,961.30
Total Expenditures		<u>1,771,002.35</u>	<u>2,047,002.22</u>
Statutory Excess to Fund Balance		309,194.98	383,985.24
<b>Fund Balance</b>			
Balance January 1	D	640,207.92	576,695.18
		949,402.90	960,680.42
Decreased by:			
Utilization as Anticipated Revenue	D-1	361,370.00	320,472.50
Balance December 31	D	<u>\$ 588,032.90</u>	<u>\$ 640,207.92</u>

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, 2014	Ref. D	\$ 9,274.59
Increased by:		
Cancellation of Funded Improvement Authorizations:		
Ordinance Number 629	D-14	15,615.00
Balance December 31, 2015	D	<u>\$ 24,889.59</u>

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

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 361,370.00	\$ 361,370.00	
Sewer Rents	D-3	730,000.00	792,940.48	\$ 62,940.48
Water Rents	D-3	630,000.00	768,862.35	138,862.35
Fire Suppression Line Fees	D-8	50,000.00	55,322.50	5,322.50
Non-Budget Revenue	D-3		66,722.18	66,722.18
		<u>\$ 1,771,370.00</u>	<u>\$ 2,045,217.51</u>	<u>\$ 273,847.51</u>
	Ref. D-4			
<b>Analysis of Realized Revenue</b>	Ref.		Sewer	Water
Rents:				
Consumer Accounts Receivable:				
Collected	D-7		\$ 792,652.76	\$ 767,690.52
Overpayments Applied	D-7		287.72	1,171.83
	D-3		<u>\$ 792,940.48</u>	<u>\$ 768,862.35</u>
<b>Analysis of Non-Budget Revenue</b>	Ref.			
Interest on Investments	D-5		\$ 7,395.96	
Interest on Delinquent Accounts	D-5		7,088.46	
Lease	D-5		47,639.93	
Sewer Connection Fees	D-8		3,947.83	
Water Meter Fees	D-5		650.00	
	D-3		<u>\$ 66,722.18</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	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
Operating:						
Salaries and Wages	\$ 180,000.00	\$ 180,000.00	\$ 167,829.95		\$ 12,170.05	
Other Expenses	443,700.00	443,700.00	370,959.68	\$ 50,748.45	21,991.87	
Sewerage Treatment Contract - Cumberland County Utility Authority	660,000.00	660,000.00	640,837.08		19,162.92	
Capital Improvements:						
Reserve for Radionuclide Treatment	150,000.00	150,000.00	150,000.00			
Purchase of Truck	30,000.00	30,000.00	30,000.00			
Debt Service:						
Payment of Bond Principal	123,150.00	123,150.00	122,953.59			\$ 196.41
Interest on Loans	169,500.00	169,500.00	169,328.76			171.24
Deferred Charges & Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	13,770.00	13,770.00	12,994.09		775.91	
Unemployment Compensation						
Insurance	1,250.00	1,250.00	645.34		604.66	
	<u>\$ 1,771,370.00</u>	<u>\$ 1,771,370.00</u>	<u>\$ 1,665,548.49</u>	<u>\$ 50,748.45</u>	<u>\$ 54,705.41</u>	<u>\$ 367.65</u>
Ref.	D-3			D-13	D	
		Ref.				
Interest on Loans & Notes			\$ 169,328.76			
Disbursed		D-5	1,496,219.73			
			<u>\$ 1,665,548.49</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, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Land, Buildings, and Improvements	\$ 7,840,293.39	\$ 7,840,293.39
Furniture, Fixtures, and Equipment	5,857,203.62	5,844,432.03
Vehicles	2,039,253.17	1,920,972.48
	<u>\$ 15,736,750.18</u>	<u>\$ 15,605,697.90</u>
Investment in General Fixed Assets	<u>\$ 15,736,750.18</u>	<u>\$ 15,605,697.90</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, 2015**

**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, 2015**

**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, 2015**

**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, 2015**

**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, 2015**

**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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will have an effect on the Township's financial reporting. The impact of this statement on the Township's financial reporting is not presently determinable.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**E. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

**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.

The Township amended the Current Fund budget during the year by the insertion of Special Items of Revenue in the amount of \$204,478.16 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, 2015 and 2014, the carrying amounts of the Township's deposits were \$7,797,784.95 and \$7,445,360.85, respectively. As of December 31, 2015 and 2014, \$0 of the municipality's bank balance of \$7,778,761.01 and \$7,772,138.84, respectively, was exposed to Custodial Credit Risk.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 4: INVESTMENTS**

As of December 31, 2015, 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.

**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:

	Year	Balance December 31	Budget of Succeeding Year
Current	2015	\$ 2,969,167.95	\$ 1,690,967.25
	2014	3,066,687.88	1,731,346.00
	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
Utility	2015	588,032.90	241,523.00
	2014	640,207.92	361,370.00
	2013	576,695.18	320,472.50
	2012	654,728.71	345,046.25
	2011	729,880.82	558,153.03

**NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2015, there are no deferred charges shown on the balance sheets of the various funds.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES**

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust	\$ 169.07	
Uniform Fire Safety Penalty Fund	0.73	
Accumulated Absence Trust Fund	22.23	
Tax Sale Premium Fund	23.40	
Public Defender Trust Fund	2.12	
Snow Removal Trust Fund	0.63	
Donations - Senior Citizen Center	0.27	
Recreation Trust Fund	5.34	
General Capital Fund	3,706.49	
POAA Trust	2.13	
Payroll Agency Trust	4,659.04	
Escrow Trust Fund		\$ 2,210.35
Federal & State Grant Fund		211,290.69
Federal and State Grant Fund		
Current Fund	211,290.69	
Utility Operating Fund		4,340.29
Animal Control Trust Fund		
Current Fund		169.07
Escrow Trust Fund		
Current Fund	2,210.35	
Tax Sale Premium Fund		
Current Fund		23.40
Public Defender Trust Fund		
Current Fund		2.12
Accumulated Absence Trust Fund		
Current Fund		22.23
Recreation Trust Fund		
Current Fund		5.34
Snow Removal Trust Fund		
Current Fund		0.63
Uniform Fire Safety Penalty Fund		
Current Fund		0.73
Donations - Senior Citizen Center		
Current Fund		0.27
POAA Trust		
Current Fund		2.13
Payroll Agency Fund		
Current Fund		4,659.04
General Capital Fund		
Current Fund		3,706.49

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	<u>Due From</u>	<u>Due To</u>
Utility Operating Fund		
Federal and State Grant Fund	4,340.29	
Utility Capital Fund	155.92	
Utility Capital Fund		
Utility Operating Fund		155.92
	<u>\$ 226,588.70</u>	<u>\$ 226,588.70</u>

**NOTE 8: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2015:

	<u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2015</u>
Land	\$ 222,500.00			\$ 222,500.00
Buildings & Improvements	7,617,793.39			7,617,793.39
Furniture, Fixtures & Equipment	5,844,432.03	\$ 13,971.59	\$ 1,200.00	5,857,203.62
Vehicles	1,920,972.48	118,280.69		2,039,253.17
	<u>\$ 15,605,697.90</u>	<u>\$ 132,252.28</u>	<u>\$ 1,200.00</u>	<u>\$ 15,736,750.18</u>

**NOTE 9: LONG-TERM DEBT**

During the calendar year 2015, the following changes occurred in the municipal debt of the Township:

	<u>Balance Dec. 31, 2014</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reductions</u>	<u>Balance Dec. 31, 2015</u>	<u>Due Within One Year</u>
Issued:					
Utility Fund:					
Loans	\$ 5,646,734.83		\$ 122,953.59	\$ 5,523,781.24	\$ 127,086.29
Net Debt Issued	<u>5,646,734.83</u>		<u>122,953.59</u>	<u>5,523,781.24</u>	<u>127,086.29</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	1,230,250.00		25,000.00	1,205,250.00	
Utility Fund:					
Bonds and Notes	<u>200,000.00</u>			<u>200,000.00</u>	
Total Authorized But Not Issued	<u>1,430,250.00</u>		<u>25,000.00</u>	<u>1,405,250.00</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 7,076,984.83</u>	<u>None</u>	<u>\$ 147,953.59</u>	<u>\$ 6,929,031.24</u>	<u>\$ 127,086.29</u>

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

Permanently funded debt as of December 31, 2014, 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, 2015, was \$1,601,436.14.

\$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, 2015, was \$2,147,241.46.

\$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, 2015, was \$1,775,103.64.

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

Year Ended December 31,	Interest	Principal	Total
Farmers Home Administration Loan			
2016	\$ 71,426.89	\$ 57,325.11	\$ 128,752.00
2017	68,818.24	59,933.76	128,752.00
2018	66,090.89	62,661.11	128,752.00
2019	63,239.41	65,512.59	128,752.00
2020	60,258.17	68,493.83	128,752.00
2021-2025	251,602.07	392,157.93	643,760.00
2026-2030	153,874.98	489,885.02	643,760.00
2031-2034	36,752.63	405,466.79	442,219.42
	<u>\$ 772,063.28</u>	<u>\$ 1,601,436.14</u>	<u>\$ 2,373,499.42</u>



**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

Year Ended December 31,	Interest	Principal	Total
USDA Loans			
2016	\$ 94,136.82	\$ 69,761.18	\$ 163,898.00
2017	92,458.89	71,439.11	163,898.00
2018	90,739.59	73,158.41	163,898.00
2019	88,977.90	74,920.10	163,898.00
2020	87,145.72	76,725.28	163,871.00
2021-2025	407,186.07	412,303.93	819,490.00
2026-2030	354,870.50	464,619.50	819,490.00
2031-2035	295,738.33	523,751.67	819,490.00
2036-2040	228,879.88	590,610.12	819,490.00
2041-2045	153,261.50	666,228.50	819,490.00
2046-2050	67,708.42	751,781.58	819,490.00
2051-2052	2,654.65	147,045.72	149,700.37
	<u>\$ 1,963,758.27</u>	<u>\$ 3,922,345.10</u>	<u>\$ 5,886,103.37</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 .193%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 6,402,746.44	\$ 6,402,746.44	
Utility Debt	5,723,781.24	5,723,781.24	
General Debt	1,205,250.00		\$ 1,205,250.00
	<u>\$ 13,331,777.68</u>	<u>\$ 12,126,527.68</u>	<u>\$ 1,205,250.00</u>

Net Debt \$1,205,250.00/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$623,623,422.00 = .193%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,826,819.77
Net Debt	<u>1,205,250.00</u>
Remaining Borrowing Power	<u>\$ 20,621,569.77</u>

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

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

Cash Receipts from Fees, Rents or Other Charges		\$ 2,045,217.51
Deductions:		
Operating and Maintenance Costs	\$ 1,298,720.00	
Debt Service	292,282.35	
		<u>1,591,002.35</u>
Excess in Revenue		<u>\$ 454,215.16</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, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

**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 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, 2015, 2014, and 2013, were \$117,844.00, \$106,302.00, and \$116,365.00, respectively, equal to the required contributions for each year.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**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, 2015, 2014, and 2013, were \$3,750.74, \$5,068.35, and \$6,505.84, respectively, equal to the required contributions for each year.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of that system.

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**Significant Legislation (Continued)** - repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS retirement system.

**Public Employee's Retirement System** - At December 31, 2015, the Township's proportionate share of net pension liability was \$3,058,997. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's allocation percentage was 0.0136270404% compared to 0.0142947673% at June 30, 2014.

For the year ended December 31, 2015, the Township's pension expense would have been \$165,565 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 313,041	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 9,309
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions		87,013
Difference Between Expected and Actual Experience	72,977	
	<u>\$ 386,018</u>	<u>\$ 96,322</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 52,301
2017	52,301
2018	52,300
2019	92,173
2020	40,621
	<u>\$ 289,696</u>

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 588,743,291	\$ 2,946,265,815
Collective Deferred Inflows of Resources	1,115,773,278	360,920,604
Collective Net Pension Liability	<u>18,722,735,003</u>	<u>22,447,996,119</u>
Township's Proportion	0.0142947673%	0.0136270404%

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Contributions** - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% Based on Age
Thereafter	3.15 – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

**NOTE 12: 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.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 12: ACCUMULATED ABSENCE BENEFITS (CONTINUED)**

The total value of compensated absences owed to employees as of December 31, 2015, was \$102,200.48. The Township has appropriated \$100.00 in the 2016 budget to fund a reserve for accumulated absences. As of December 31, 2015, the fund has a reserve balance of \$74,600.00.

**NOTE 13: 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 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, 2015, 2014, and 2013, were \$11,796.96, \$11,101.80, and \$10,952.64, respectively, which equaled the required contributions for the year. There was one retired participant eligible at December 31, 2015, 2014, and 2013, respectively.

**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 14: 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 15: LABOR CONTRACTS**

As of December 31, 2015, the Township had a total of approximately 68 employees. Of this total, 9 employees are represented by the United Auto Workers Local 2327. The union agreement expired on December 31, 2015, and a new agreement has not been ratified although a memorandum of agreement has been received extending the term to December 31, 2017.

**NOTE 16: 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, 2015	Balance Dec. 31, 2014
Prepaid Taxes - Cash Liability	<u>\$ 302,918.12</u>	<u>\$ 157,654.24</u>

**NOTE 17: 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 18: ECONOMIC DEPENDENCY**

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



**TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 19: 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 2015.

**NOTE 20: 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. In May 2015, Upper Deerfield began providing all construction code services including plumbing and electrical which was not included in the initial shared service agreement.

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 Stow 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 Regional (CSR) Municipal Court which became effective on January 30, 2012. Downe Township was added as a member of the CSR Municipal Court by all of the existing members as of July 1, 2015.

On March 28, 2014, the Township entered into a shared service agreement with the Township of Fairfield to provide the services of a construction code official, and to provide building sub-code inspection, electric sub-code inspection, plumbing sub-code inspection, and fire sub-code inspection together with related clerical and administrative services.

During the year 2015, the Township entered into shared service agreements with the Borough of Shiloh for housing office services and the City of Millville for construction code office services.

**NOTE 21: 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 22: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and May 19, 2016, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS  
(GASB 68 & GASB 71)**

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - PERS  
Last Two Fiscal Years

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Township's Proportion of the Net Pension Liability (Asset)	0.0136270404%	0.0142947673%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,058,997	\$ 2,676,371
Township's Covered-Employee Payroll	1,009,117	975,631
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	303.14%	274.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%
Measurement Date	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS  
Last Two Fiscal Years

	Year Ended	
	12/31/15	12/31/14
Contractually Required Contribution	\$ 117,156	\$ 117,844
Contributions in Relation to the Contractually Required Contribution	117,156	117,844
Contribution Deficiency (Excess)	None	None
Township's Covered-Employee Payroll	\$ 1,009,117	\$ 975,631
Contributions as a Percentage of Covered-Employee Payroll	11.61%	12.08%
Measurement Date	6/30/2015	6/30/2014

## **SUPPLEMENTARY DATA**

# PETRONI & ASSOCIATES LLC

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

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

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 and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Upper Deerfield, as of and for the year ended December 31, 2015, 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 19, 2016, 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 19, 2016

# PETRONI & ASSOCIATES LLC

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## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

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

#### ***Report on Compliance for Each Major Federal Program***

We have audited the Township of Upper Deerfield's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township of Upper Deerfield's major federal programs for the year ended December 31, 2015. Township of Upper Deerfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of the Township of Upper Deerfield's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Upper Deerfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township of Upper Deerfield's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Township of Upper Deerfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal for the year ended December 31, 2015.

### ***Report on Internal Control Over Compliance***

Management of the Township of Upper Deerfield is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Upper Deerfield's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Upper Deerfield's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Township of Upper Deerfield as of and for the year ended December 31, 2015, and have issued our report thereon dated May 19, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

May 19, 2016

TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

State Funding Department/Program	CFDA Number	Program Amount	Loan/Grant Period		Current Year Expenditures	Total Expenditures
			From	To		
Department of Housing and Urban Development						
Small Cities Grant - CDBG 2015						
Housing Rehabilitation Program	14.228	\$ 150,000.00	1/1/15	12/31/16	\$ 144,037.58	\$ 144,037.58
Sanitary Sewer Rehabilitation	14.228	400,000.00	1/1/15	12/31/16	420,000.00	420,000.00
Department of Homeland Security						
Assistance to Firefighters	97.044	231,751.00	1/1/15	12/31/15	231,751.00	231,751.00
		<u>\$ 781,751.00</u>			<u>\$ 795,788.58</u>	<u>\$ 795,788.58</u>

See accompanying notes to the schedules of expenditures of federal and state awards.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards includes the federal grant activity of the Township of Upper Deerfield and is presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified?            yes   X   no
- 2) Significant deficiency(ies) identified that are not considered to be material weaknesses?            yes   X   none reported

Noncompliance material to general-purpose financial statements noted?            yes   X   no

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

- 1) Material weakness(es) identified?            yes   X   no
- 2) Significant deficiency(ies) identified that are not considered to be material weaknesses?            yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?            yes   X   no

Identification of major programs:

CFDA Number(s)  
14.228

Name of Federal Program  
Small Cities Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?            yes   X   no

TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)

***Section I - Summary of Auditor's Results***

**State Awards**

N/A

Type of auditor's report issued on compliance for major programs:

\_\_\_\_\_

Internal Control over major programs:

1) Material weakness(es) identified?

\_\_\_\_\_ yes

\_\_\_\_\_ no

2) Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses?

\_\_\_\_\_ yes

\_\_\_\_\_ none reported

Any audit findings disclosed that are required  
to be reported in accordance with NJ OMB  
Circular Letter 15-08?

\_\_\_\_\_ yes

\_\_\_\_\_ no

Identification of major programs:

State Grant /Project Number(s)

Name of State Program

Dollar threshold used to distinguish between type A and type B programs:

\_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes

\_\_\_\_\_ no

TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)

***Section II – Financial Statement Findings***

None

***Section III – Federal and State Awards Findings and Questioned Costs***

**FEDERAL AWARDS**

None

**STATE AWARDS**

N/A

TOWNSHIP OF UPPER DEERFIELD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

There were no prior year findings reported.



## **CURRENT FUND**

## SCHEDULE OF CASH

Balance December 31, 2014	Ref. A		\$ 4,352,436.44
Increased by Receipts:			
Grants Receivable	A-6	\$ 536,400.16	
Taxes Receivable	A-7	17,372,375.54	
Homestead Rebate	A-7	378,066.99	
Tax Title Liens	A-8	17,661.64	
Tax Overpayments		59,753.41	
Prepaid Taxes		302,918.12	
Revenue Accounts Receivable	A-10	2,907,158.81	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	103,053.98	
Due State - Fees		22,246.00	
Due Deerfield Township - UCC Fees		7,341.00	
Due Fairfield Township - UCC Fees		66,768.00	
Due Millville City - UCC Fees		1,198.00	
Due from General Capital Fund		12,861.38	
Due from Escrow Fund		160.94	
Due from Tax Sale Fund		86.73	
Due from Public Defender Trust		0.64	
Due from Accumulated Absence Trust		63.79	
Due from Recreation Trust		15.01	
Due from Uniform Fire Safety Penalty Monies		2.09	
Due from Snow Removal Trust		156.87	
Due from Donations Senior Center		0.78	
Due from Animal Control Trust		23.93	
Due from POAA		0.05	
Due from Payroll Agency		6.31	
			21,788,320.17
			26,140,756.61
Decreased by Disbursements:			
2015 Budget Appropriations	A-3	3,283,311.91	
2014 Appropriation Reserves	A-12	9,894.84	
Encumbrances Payable	A-13	182,116.15	
Reserve for Grants - Appropriated	A-17	444,109.48	
Tax Overpayments Refunded		56,961.49	
County Taxes		7,056,766.79	
Due County for Added and Omitted Taxes		11,311.74	
Local District School Tax	A-15	7,105,326.00	
Regional High School Tax	A-16	3,155,221.00	
Change Fund	A-5	100.00	
Due Utility Operating Fund	D-5	17,239.68	
Due Payroll Agency Trust		1,000.00	
Due Deerfield Township - UCC Fees		9,868.00	
Due Fairfield Township - UCC Fees		57,991.00	
Due State - Fees		20,942.00	
			21,412,160.08
Balance December 31, 2015	A		\$ 4,728,596.53

## SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2014	Increased	Balance Dec. 31, 2015
Change Fund	\$ 420.00	\$ 100.00	\$ 520.00
Ref.	A	A-4	A

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2014	2015 Budget Revenue Realized	Received	Transfer from Reserve for Grants Unappropriated	Balance Dec. 31, 2015
Federal:					
Small Cities Facilities	\$ 150,000.00		\$ 118,977.40		\$ 31,022.60
Small Cities Facilities - Utility Fund	400,000.00		395,659.71		4,340.29
Fire Fighters Assistance Grant		\$ 231,751.00	231,751.00		
State:					
NJ Transportation Trust Fund Authority Act		170,000.00	127,500.00		42,500.00
Alliance for Substance Abuse Prevention Program	17,483.00	34,996.00	41,206.60		11,272.40
Clean Communities Program		16,965.16	16,965.16		
Recycling Tonnage Grant		37,084.03		\$ 37,084.03	
	<u>\$ 567,483.00</u>	<u>\$ 490,796.19</u>	<u>\$ 932,059.87</u>	<u>\$ 37,084.03</u>	<u>\$ 89,135.29</u>
Ref.	A	A-2		A-18	A
		Ref.			
	Current Fund	A-4	\$ 536,400.16		
	Utility Fund	D-5	395,659.71		
			<u>\$ 932,059.87</u>		

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

Year	Balance Dec. 31, 2014	Levy	Added Taxes	Collected		Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2015
				2014	2015			
2013	\$ 17,711.09				\$ 9,086.11	\$ 8,624.98		
2014	634,241.16		\$ 1,948.25		551,181.74	14,943.49	\$ 18,377.36	\$ 51,686.82
	651,952.25		1,948.25		560,267.85	23,568.47	18,377.36	51,686.82
2015		\$ 17,964,608.16		\$ 157,654.24	17,296,643.40	34,290.88	43,140.59	432,879.05
	\$ 651,952.25	\$ 17,964,608.16	\$ 1,948.25	\$ 157,654.24	\$ 17,856,911.25	\$ 57,859.35	\$ 61,517.95	\$ 484,565.87
Ref.	A			A			A-8	A
		Cash		Ref.				
		Homestead Rebate		A-4	\$ 17,372,375.54			
		Due State of New Jersey		A-4	378,066.99			
				A-14	106,468.72			
					\$ 17,856,911.25			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax	\$	40,309.41	
General Property Tax		17,905,188.29	
		<hr/>	
			\$ 17,945,497.70
Added Taxes (54:4-63.1 et seq.)			19,110.46
			<hr/>
			<u>\$ 17,964,608.16</u>

**Tax Levied**

	Ref.		
Local District School Tax (Abstract)	A-15	\$	7,105,326.00
Regional High School Tax (Abstract)	A-16		3,217,625.00
County Taxes:			
County Tax (Abstract)		\$	6,666,402.69
Local Health Services Tax (Abstract)			325,708.69
County Open Space Preservation			
Trust Fund Tax (Abstract)			64,655.41
Due County for Added & Omitted Taxes			8,289.46
		<hr/>	
Total County Taxes			7,065,056.25
Local Tax for Municipal Purposes			544,000.00
Add: Additional Taxes Levied			32,600.91
		<hr/>	
			576,600.91
			<hr/>
			<u>\$ 17,964,608.16</u>

## EXHIBIT A-8

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2014	A	\$ 97,314.17
Increased by:		
Transfers from Taxes Receivable	A-7	\$ 61,517.95
Interest and Costs Accrued by Sale of June 30, 2015		<u>4,056.69</u>
		<u>65,574.64</u>
		162,888.81
Decreased by:		
Collected	A-4	<u>17,661.64</u>
Balance December 31, 2015	A	<u><u>\$ 145,227.17</u></u>

## EXHIBIT A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2014	A	<u>\$ 544,600.00</u>
Balance December 31, 2015	A	<u><u>\$ 544,600.00</u></u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
<b>Miscellaneous Revenue Anticipated</b>				
Fines and Costs:				
Municipal Court	\$ 4,365.56	\$ 79,477.58	\$ 79,625.97	\$ 4,217.17
Emergency Medical Services Billings		315,307.45	315,307.45	
Energy Receipts Tax		1,354,938.00	1,354,938.00	
Uniform Construction Code Fees		113,918.00	113,918.00	
Cumberland Salem Regional Court		185,297.07	185,297.07	
Deerfield & Fairfield Townships - Uniform Construction Code		83,785.04	83,785.04	
Uniform Fire Safety Act		22,530.32	22,530.32	
<b>Miscellaneous Revenue Not Anticipated</b>				
Interest on Investments		61,473.76	61,473.76	
Interest & Costs on Taxes		134,019.10	134,019.10	
Fees & Permits		105,521.32	105,521.32	
Cable TV Franchise Fees	19,791.84	19,516.19	39,308.03	
Recycling Receipts		5,865.20	5,865.20	
Payments in Lieu of Taxes		365,656.73	365,656.73	
Shared Service Construction Code		34,480.00	34,480.00	
Sale of Municipal Assets		4,982.02	4,982.02	
Miscellaneous		450.80	450.80	
	<u>\$ 24,157.40</u>	<u>\$ 2,887,218.58</u>	<u>\$ 2,907,158.81</u>	<u>\$ 4,217.17</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, 2014	Raised in 2015 Budget
11/18/2010	Revaluation Program	\$ 254,400.00	\$ 50,880.00	\$ 50,880.00	\$ 50,880.00
	Ref.			A	A-3

## SCHEDULE OF 2014 APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Paid or Charged	Balance Lapsed
Other Expenses			
Legal	\$ 12,436.31	\$ 4,075.00	\$ 8,361.31
Ambulance	809.05	358.74	450.31
Streets and Roads	1,934.28	1,406.34	527.94
Buildings and Grounds	2,423.07	1,694.76	728.31
Senior Center	9,561.20	38.00	9,523.20
Public Defender	1,450.00	125.00	1,325.00
Matching Funds for Grants	2,500.00	2,197.00	303.00
Other Accounts - No Change	345,405.99		345,405.99
	<u>\$ 376,519.90</u>	<u>\$ 9,894.84</u>	<u>\$ 366,625.06</u>
Ref.	A	A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Regular Fund	Federal & State Grant Fund
Balance December 31, 2014	A	\$ 238,116.84	\$ 10,902.50
Increased by:			
Charges to Appropriations	A-3	383,545.63	
Charges to Reserve for Grants	A-17		192,378.98
		<u>621,662.47</u>	<u>203,281.48</u>
Decreased by:			
Payments	A-4	171,213.65	10,902.50
Canceled	A-1	66,903.19	
		<u>238,116.84</u>	<u>10,902.50</u>
Balance December 31, 2015	A	<u>\$ 383,545.63</u>	<u>\$ 192,378.98</u>

## EXHIBIT A-14

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

	Ref.	
Balance December 31, 2014	A	\$ 38,803.68
Increased by:		
Receipts	A-4	103,053.98
		<u>141,857.66</u>
Decreased by:		
2015 Deductions Per Tax Duplicate		\$ 108,000.00
2015 Deductions Allowed by Collector		1,250.00
2015 Deductions Disallowed by Collector		<u>(2,781.28)</u>
	A-7	106,468.72
Balance December 31, 2015	A	<u><u>\$ 35,388.94</u></u>

## EXHIBIT A-15

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2014	A	\$ 1.50
Increased by:		
2015 Calendar Year School Levy	A-7	7,105,326.00
		<u>7,105,327.50</u>
Decreased by:		
Payments	A-4	7,105,326.00
Balance December 31, 2015	A	<u><u>\$ 1.50</u></u>

## SCHEDULE OF PREPAID REGIONAL HIGH SCHOOL TAX

	Ref.	
Balance December 31, 2014	A	\$ 58.84
Increased by:		
Payments	A-4	3,155,221.00
		<hr/> 3,155,279.84
Decreased by:		
2015 Calendar Year School Levy	A-7	3,217,625.00
Balance December 31, 2015	A	<hr/> <hr/> \$ (62,345.16)

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2014	Transferred from 2015 Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2015
Federal Grants:					
Small Cities Facilities	\$ 157,500.00		\$ 125,359.58	\$ 18,678.00	\$ 13,462.42
Small Cities Facilities - Utility Fund	420,000.00		420,000.00		
Fire Fighters Grant		\$ 231,751.00	231,751.00		
State Grants:					
New Jersey Transportation Trust Fund		170,000.00		170,000.00	
Alliance for Substance Abuse Prevention Program		34,996.00	31,295.02	3,700.98	
Clean Communities Program		16,965.16	16,965.16		
Recycling Tonnage Grant	90,951.89	37,084.03	38,738.72		89,297.20
Alcohol Education and Rehabilitation	947.09				947.09
	<u>\$ 669,398.98</u>	<u>\$ 490,796.19</u>	<u>\$ 864,109.48</u>	<u>\$ 192,378.98</u>	<u>\$ 103,706.71</u>
Ref.	A	A-3		A-13	A
		Ref.			
Current Fund		A-4	\$ 444,109.48		
Utility Fund		D-5	420,000.00		
			<u>\$ 864,109.48</u>		

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2014	Transfer to Grants Receivable
State Grants:		
Recycling Tonnage Grant	\$ 37,084.03	\$ 37,084.03
Ref.	A	A-6

## TRUST FUND



## SCHEDULE OF TRUST FUND CASH

	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	POAA Trust	Payroll Agency Fund
Balance December 31, 2014	B	\$ 18,671.03	\$ 186,191.80	\$ 1,794.93	\$ 967.31	\$ 74,663.79	\$ 16,768.32	\$ 197,156.01	\$ 52,183.03	\$ 39,633.87	\$ 2,447.09	\$ 915.79	\$ 55,770.45	\$ 30.05	\$ 14,569.25
Increased by Receipts:															
Dog License Fees:															
Municipal Share	B-3	13,916.80													
State Share		2,516.00													
Interest Earned		98.91	887.53	8.62	19.54	270.91	70.22	183.65	189.48	143.91	8.89	3.31	293.07	2.13	106.33
Escrow Deposits			129,677.90												
Program Income				3,000.00									44,359.91		
Public Defender Fees					9,963.00										
Recreation Fees							15,851.00								
POAA Fees														6.00	
Payroll Agencies															2,710,822.96
		<u>16,531.71</u>	<u>130,565.43</u>	<u>3,008.62</u>	<u>9,982.54</u>	<u>270.91</u>	<u>15,921.22</u>	<u>183.65</u>	<u>189.48</u>	<u>143.91</u>	<u>8.89</u>	<u>3.31</u>	<u>44,652.98</u>	<u>8.13</u>	<u>2,710,929.29</u>
		<u>35,202.74</u>	<u>316,757.23</u>	<u>4,803.55</u>	<u>10,949.85</u>	<u>74,934.70</u>	<u>32,689.54</u>	<u>197,339.66</u>	<u>52,372.51</u>	<u>39,777.78</u>	<u>2,455.98</u>	<u>919.10</u>	<u>100,423.43</u>	<u>38.18</u>	<u>2,725,498.54</u>
Decreased by Disbursements:															
Paid to State of New Jersey		2,493.80													
Transfer to Current Fund		115.07	986.64		18.06	312.47	79.89	339.89			10.25	3.82		0.05	103.47
Expenditures Under R.S. 4:19-15.11	B-3	17,897.80													
Escrow Charges			114,078.80												
Municipal Alliance Expenses				2,372.88											
Public Defender Expenses					10,000.00										
Recreation Expenses							14,678.00								
Small Cities Expenditures													3,087.08		
Payroll Agencies															2,717,778.86
		<u>20,506.67</u>	<u>115,065.44</u>	<u>2,372.88</u>	<u>10,018.06</u>	<u>312.47</u>	<u>14,757.89</u>	<u>339.89</u>			<u>10.25</u>	<u>3.82</u>	<u>3,087.08</u>	<u>0.05</u>	<u>2,717,882.33</u>
Balance December 31, 2015	B	\$ 14,696.07	\$ 201,691.79	\$ 2,430.67	\$ 931.79	\$ 74,622.23	\$ 17,931.65	\$ 196,999.77	\$ 52,372.51	\$ 39,777.78	\$ 2,445.73	\$ 915.28	\$ 97,336.35	\$ 38.13	\$ 7,616.21

## SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2014	Ref. B		\$ 99,808.11
Increased by:			
Deposits for Redemption of Tax Sale Certificates		\$ 246,649.65	
Tax Sale Premiums		54,400.00	
Interest Earned		380.90	
			<u>301,430.55</u>
			401,238.66
Decreased by:			
Refunds Upon Redemption		327,971.03	
Due Current Fund		444.23	
			<u>328,415.26</u>
Balance December 31, 2015	B		<u><u>\$ 72,823.40</u></u>

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014	Ref. B	\$ 18,479.20
Increased by:		
Municipal Share of Dog License Fees	B-1	13,916.80
		<u>32,396.00</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-1	17,897.80
Balance December 31, 2015	B	<u><u>\$ 14,498.20</u></u>

## License Fees Collected

Year	Amount
2013	\$ 8,708.40
2014	9,086.20
	<u>\$ 17,794.60</u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL FUND CASH

Balance December 31, 2014	Ref. C		\$ 683,723.39
Increased by:			
Interest Earned		\$ 4,387.61	
Refunds	C-6	60,451.50	
Budget Appropriation:			
Improvement Costs	C-5	25,000.00	
Aid to Volunteer Fire Companies		20,000.00	
Purchase of Emergency and Fire Vehicles		50,000.00	
Purchase of Land - Open Space/Farmland Preservation		210,000.00	
			<u>369,839.11</u>
			1,053,562.50
Decreased by:			
Improvement Authorizations	C-6	117,407.97	
Encumbrances Payable	C-7	12,000.00	
Due Current Fund		13,542.50	
			<u>142,950.47</u>
Balance December 31, 2015	C		<u><u>\$ 910,612.03</u></u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts	Disbursements		Transfers	Balance Dec. 31, 2015
		Miscellaneous	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 312,680.77				\$ (85,000.00)	\$ 227,680.77
Fund Balance	10,110.12				464.00	10,574.12
Reserve for Sanitary Landfill Closure	295,980.50					295,980.50
Reserve for Expansion of Facilities for Township Parks	18,667.94				(17,000.00)	1,667.94
Reserve for Purchase of Land - Farmland Preservation	248,347.35	\$ 210,000.00				458,347.35
Reserve for Improvements to Convenience Center	13,125.00					13,125.00
Reserve for Construction of a Senior Center	10,000.00					10,000.00
Reserve for Improvements to Roads	161,739.98				(100,000.00)	61,739.98
Reserve for Purchase of Emergency and Fire Vehicles	10,915.31	50,000.00				60,915.31
Reserve for Purchase of Public Works Vehicle	175,080.00				(57,000.00)	118,080.00
Reserve for Improvements to Municipal Buildings and Facilities	875.00				42,000.00	42,875.00
Reserve for Aid to Volunteer Fire Companies	20,000.00	20,000.00				40,000.00
Encumbrances Payable	12,000.00			\$ 12,000.00	62,410.45	62,410.45
Due Current Fund	12,861.38	4,387.61		13,542.50		3,706.49
Improvement Authorizations:						
Ordinance Number						
663 Purchase and Installation of Municipal Facilities Improvements	16,944.16		\$ 7,249.16		(9,695.00)	
684 Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	(252,685.78)	60,451.50				(192,234.28)
706 Additions and Renovations to the Ambulance Building	(649,965.84)	25,000.00	4,055.00			(629,020.84)
711 Sanitary Landfill Closure	110,192.50		10,700.00			99,492.50
712 Improvements to Convenience Center	124,550.00		886.20			123,663.80
713 Improvements to Municipal Building	32,305.00				(32,305.00)	
722 Improvements to Municipal Building and Facilities			37,981.61		85,000.00	47,018.39
725 Expansion of Facilities for Township Parks					17,000.00	17,000.00
726 Purchase of Public Works Vehicles			56,536.00		56,536.00	
734 Improvements to Roads					37,589.55	37,589.55
	<u>\$ 683,723.39</u>	<u>\$ 369,839.11</u>	<u>\$ 117,407.97</u>	<u>\$ 25,542.50</u>		<u>\$ 910,612.03</u>
Ref.	C	C-2	C-6	C-2		C

## EXHIBIT C-4

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2014	C	\$ 312,680.77
Decreased by:		
Appropriation to Finance Improvement Authorization	C-6	<u>85,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 227,680.77</u></u>

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Ordinance Number	Balance Dec. 31, 2014	Funded by Budget Appropriation	Balance Dec. 31, 2015	Analysis of Balance Dec. 31, 2015	
					Expenditures	Unexpended Improvement Authorizations
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	\$ 475,000.00		\$ 475,000.00	\$ 192,234.28	\$ 282,765.72
Additions and Renovations to the Ambulance Building	706	755,250.00	\$ 25,000.00	730,250.00	629,020.84	101,229.16
		<u>\$ 1,230,250.00</u>	<u>\$ 25,000.00</u>	<u>\$ 1,205,250.00</u>	<u>\$ 821,255.12</u>	<u>\$ 383,994.88</u>
	Ref.	C	C-2	C	C-3	C-6



## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Purpose	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Canceled (Refunded or Encumbrance Canceled)	Balance Dec. 31, 2015	
	Number	Amount	Funded	Unfunded	Reserve for Improvements			Funded	Unfunded
Purchase and Installation of Municipal Facilities Improvements	663	\$ 70,000.00	\$ 16,944.16			\$ 7,249.16	\$ 9,695.00		
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	500,000.00		\$ 222,314.22			(60,451.50)		\$ 282,765.72
Additions and Renovations to the Ambulance Building	706	795,000.00		105,284.16		4,055.00			101,229.16
Sanitary Landfill Closure	711	125,000.00	110,192.50			10,700.00		\$ 99,492.50	
Improvements to Convenience Center	712	125,000.00	124,550.00			886.20		123,663.80	
Improvements to Municipal Building	713	42,000.00	32,305.00				32,305.00		
Improvements to Municipal Building and Facilities	722	85,000.00			\$ 85,000.00	37,981.61		47,018.39	
Expansion of Facilities for Township Parks	725	17,000.00			17,000.00			17,000.00	
Purchase of Public Works Vehicles	726	57,000.00			57,000.00	56,536.00	464.00		
Improvements to Roads	734	100,000.00			100,000.00	62,410.45		37,589.55	
			<u>\$ 283,991.66</u>	<u>\$ 327,598.38</u>	<u>\$ 259,000.00</u>	<u>\$ 179,818.42</u>	<u>\$ (17,987.50)</u>	<u>\$ 324,764.24</u>	<u>\$ 383,994.88</u>
	Ref.	C	C					C	C
		Capital Improvement Fund Reserves		Ref. C-4	\$ 85,000.00				
					174,000.00				
					<u>\$ 259,000.00</u>				
					Ref. C-2	\$ 117,407.97			
					C-7	62,410.45			
					C-2		\$ (60,451.50)		
					C-3		42,464.00		
						<u>\$ 179,818.42</u>	<u>\$ (17,987.50)</u>		

## SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2014	Ref. C	\$ 12,000.00
Increased by:		
Improvement Authorizations	C-6	62,410.45
		<hr/> 74,410.45
Decreased by:		
Disbursed	C-2	12,000.00
Balance December 31, 2015	C	<hr/> <u>\$ 62,410.45</u>

## SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Funded by Budget Appropriation	Balance Dec. 31, 2015
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	\$ 25,000.00	730,250.00
		<u>\$ 1,230,250.00</u>	<u>\$ 25,000.00</u>	<u>\$ 1,205,250.00</u>
	Ref.		C-5	

## **WATER & SEWER UTILITY FUND**

## EXHIBIT D-5

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

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2014	D	<u>\$ 713,938.43</u>	<u>\$ 933,271.76</u>
Increased by:			
Consumer Accounts Receivable:			
Water	D-7	767,690.52	
Sewer	D-7	792,652.76	
Rent Overpayments		2,171.97	
Connection Fees Receivable	D-3:D-8	3,947.83	
Fire Suppression Line Fees	D-3:D-8	55,322.50	
Interest on Investments	D-3	5,143.09	2,252.87
Interest on Delinquent Accounts	D-3	7,088.46	
Lease	D-3	47,639.93	
Water Meter Fees	D-3	650.00	
Reserve for Water Tower Repairs			6.22
Reserve for Radionuclide Treatment			150,000.00
Due from Utility Capital Fund	D-5	2,763.04	
Due from Current Fund	A-4	17,239.68	
Grants Receivable	A-6	395,659.71	
		<u>2,097,969.49</u>	<u>152,259.09</u>
		<u>2,811,907.92</u>	<u>1,085,530.85</u>
Decreased by:			
Appropriations	D-4	1,496,219.73	
Encumbrances Payable	D-13	18,982.35	9,700.00
Improvements Authorizations	D-14		404,650.21
Due Utility Operating Fund	D-5		2,763.04
Reserve for Grants - Appropriated	A-17	420,000.00	
Interest on Loans and Notes		169,696.41	
		<u>2,104,898.49</u>	<u>417,113.25</u>
Balance December 31, 2015	D	<u><u>\$ 707,009.43</u></u>	<u><u>\$ 668,417.60</u></u>

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

	Balance Dec. 31, 2014	Receipts Miscellaneous	Disbursements		Transfers		Balance Dec. 31, 2015
			Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 440,187.60				\$ 50,000.00		\$ 390,187.60
Fund Balance	9,274.59					\$ 15,615.00	24,889.59
Due Utility Operating Fund	666.09	\$ 2,252.87		\$ 2,763.04			155.92
Reserve for Water Tower Repairs	8,317.86	6.22				36,358.46	44,682.54
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	82,492.16	150,000.00					232,492.16
Encumbrances Payable	28,993.04			9,700.00	19,293.04		
Grant Receivable	(150,224.00)						(150,224.00)
Improvement Authorizations:							
Ordinance							
Number							
602 Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	9,031.09					19,293.04	28,324.13
625 Construction of Seabrook Water Treatment Project	15,615.00				15,615.00		
698 Various Improvements to the Water System	(49,959.97)						(49,959.97)
721 Radionuclide Treatment	367,507.84		\$ 367,507.84				
731 Improvements to Sewer Mains			37,142.37			50,000.00	12,857.63
	<u>\$ 933,271.76</u>	<u>\$ 152,259.09</u>	<u>\$ 404,650.21</u>	<u>\$ 12,463.04</u>	<u>\$ 121,266.50</u>	<u>\$ 121,266.50</u>	<u>\$ 668,417.60</u>
Ref.	D	D-5	D-5	D-5			D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2014	D	\$ 121,580.06	\$ 126,150.09
Increased by:			
Utility Rents Levied		763,727.55	777,389.30
		<u>885,307.61</u>	<u>903,539.39</u>
Decreased by:			
Collections	D-5	767,690.52	792,652.76
Overpayments Applied		1,171.83	287.72
Canceled		<u>2,121.75</u>	
		<u>770,984.10</u>	<u>792,940.48</u>
Balance December 31, 2015	D	<u><u>\$ 114,323.51</u></u>	<u><u>\$ 110,598.91</u></u>

## EXHIBIT D-8

## SCHEDULE OF OTHER FEES RECEIVABLE

	Ref.	Sewer Connection Fees	Fire Suppression Line Fees
Balance December 31, 2014	D	\$ 22,395.12	\$ 5,132.34
Increased by:			
Billings		40,725.97	55,122.00
		<u>63,121.09</u>	<u>60,254.34</u>
Decreased by:			
Collections	D-5	3,947.83	55,322.50
Canceled to Small Cities		<u>4,195.12</u>	
		<u>8,142.95</u>	<u>55,322.50</u>
Balance December 31, 2015	D	<u><u>\$ 54,978.14</u></u>	<u><u>\$ 4,931.84</u></u>

## EXHIBIT D-9

## SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2014	D	\$ 616.64	\$ 700.46
Balance December 31, 2015	D	<u><u>\$ 616.64</u></u>	<u><u>\$ 700.46</u></u>

## SCHEDULE OF FIXED CAPITAL

Purpose	Balance Dec. 31, 2014	Additions Transferred by Ordinance	Balance Dec. 31, 2015
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
Seabrook Water Treatment Plant		\$ 3,299,000.00	3,299,000.00
Radionuclide Treatment Project		367,507.84	367,507.84
	<u>\$ 4,066,500.00</u>	<u>\$ 3,666,507.84</u>	<u>\$ 7,733,007.84</u>
Ref.	D	D-11	D



## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2014	2015 Authorizations Deferred Reserve for Amortization	Costs to Fixed Capital	Balance Dec. 31, 2015
		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
721	Radionuclide Treatment	12/30/14	367,507.84	367,507.84		367,507.84	
731	Improvements to Sewer Mains	8/20/15	50,000.00		\$ 50,000.00		50,000.00
				<u>\$ 6,866,507.84</u>	<u>\$ 50,000.00</u>	<u>\$ 3,666,507.84</u>	<u>\$ 3,250,000.00</u>
			Ref.	D	D-14	D-10	D

## EXHIBIT D-12

## SCHEDULE OF 2014 APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance Lapsed
Operating:		
Salaries and Wages	\$ 17,650.64	\$ 17,650.64
Other Expenses	13,353.30	13,353.30
Utilities Authority	7.02	7.02
Social Security System Contribution	1,223.44	1,223.44
Unemployment	899.86	899.86
	<u>\$ 33,134.26</u>	<u>\$ 33,134.26</u>
Ref.	D	D-1

## EXHIBIT D-13

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2014	D	\$ 20,827.91	\$ 28,993.04
Increased by:			
Charges to Current Year Appropriations	D-4	50,748.45	
		<u>71,576.36</u>	<u>28,993.04</u>
Decreased by:			
Canceled	D-1:D-14	1,845.56	19,293.04
Payments	D-5	18,982.35	9,700.00
		<u>20,827.91</u>	<u>28,993.04</u>
Balance December 31, 2015	D	<u>\$ 50,748.45</u>	

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2014		2015 Authorizations Capital Improvement Fund	Paid or Charged	Encumbrance Canceled	Authorization Canceled	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	\$ 3,000,000.00	\$ 9,031.09				\$ 19,293.04		\$ 28,324.13	
629	Construction of Seabrook Water Treatment Project	5/7/09	3,299,000.00	15,615.00					\$ 15,615.00		
698	Various Improvements to the Water System	3/12/13	200,000.00		\$ 150,040.03						\$ 150,040.03
721	Radionuclide Treatment	4/30/14	367,507.84	367,507.84			\$ 367,507.84				
731	Improvements to Sewer Mains	8/20/15	50,000.00			\$ 50,000.00	37,142.37			12,857.63	
				\$ 392,153.93	\$ 150,040.03	\$ 50,000.00	\$ 404,650.21	\$ 19,293.04	\$ 15,615.00	\$ 41,181.76	\$ 150,040.03
		Ref.		D	D	D-11	D-5	D-13	D-2	D	D

## EXHIBIT D-15

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. D	\$ 440,187.60
Decreased by:		
Appropriation to Finance Improvement Authorization	D-14	50,000.00
Balance December 31, 2015	D	<u>\$ 390,187.60</u>

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2014	Fixed Capital Authorized	Paid From Operating Budget Loans	Transfer to Reserve for Amortization	Balance Dec. 31, 2015
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	\$ 79,126.79		\$ 32,769.57		\$ 111,896.36
629	Construction of Seabrook Water Treatment Plant	5/7/09	116,404.52			\$ 116,404.52	
721	Radionuclide Treatment	12/30/14	367,507.84			367,507.84	
731	Improvements to Sewer Mains	8/20/15		\$ 50,000.00			50,000.00
			<u>\$ 563,039.15</u>	<u>\$ 50,000.00</u>	<u>\$ 32,769.57</u>	<u>\$ 483,912.36</u>	<u>\$ 161,896.36</u>
		Ref.	D	D-11			D

## SCHEDULE OF LOANS PAYABLE

Balance December 31, 2014	Ref. D	\$ 5,646,734.83
Decreased by:		
Payments		122,953.59
Balance December 31, 2015	D	<u>\$ 5,523,781.24</u>

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Balance Dec. 31, 2015
698	Various Improvements to the Water System	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>

## SCHEDULE OF GRANT RECEIVABLE

	Ref.	
Balance December 31, 2014	D	<u>\$ 150,224.00</u>
Balance December 31, 2015	D	<u><u>\$ 150,224.00</u></u>



**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2015**

## **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:

Purchase of Self-contained Breathing Apparatus  
Contracts for Home Rehabilitation  
Resurfacing of Button Mill Road

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 5, 2015, 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

### **Collection of Interest on Delinquent Taxes and Assessments (Continued)**

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 June 30, 2015, 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>
2015	25
2014	24
2013	18

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

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

A test verification of delinquent charges 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.

	2015	2014	2013
Tax Levy	\$ 17,964,608.16	\$ 16,813,914.65	\$ 16,061,618.21
Cash Collections	17,454,297.64	16,141,982.91	15,501,362.08
Percentage of Collections	97.16%	96.00%	96.51%

### Comparative Schedule of Tax Rate Information

	2015	2014	2013
Tax Rate	2.841	2.645	2.548
Apportionment of Tax Rate:			
Municipal	0.087	0.061	0.045
County	1.119	1.035	0.969
Local School	1.125	1.099	1.089
Regional High School	0.510	0.450	0.445
Assessed Valuation	631,661,246	630,327,118	628,117,666

### 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.

	2015	2014	2013
Amount of Tax Title Liens	\$ 145,227.17	\$ 97,314.17	\$ 76,979.77
Delinquent Taxes	484,565.87	651,952.25	543,273.14
Total Delinquent	\$ 629,793.04	\$ 749,266.42	\$ 620,252.91
Percentage of Tax Levy	3.51%	4.46%	3.86%

### 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:

	2015	2014	2013
Property Acquired for Taxes (Assessed Valuation)	544,600.00	544,600.00	551,200.00

### 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 2014.

## FINDINGS AND RECOMMENDATIONS

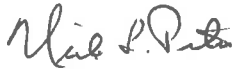
None

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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