

**TOWNSHIP OF FAIRFIELD**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**



**TOWNSHIP OF FAIRFIELD**  
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**TOWNSHIP OF FAIRFIELD**

**PART I**

**REPORT ON AUDIT OF**

**FINANCIAL STATEMENTS - REGULATORY BASIS**

**DECEMBER 31, 2013**





## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of Township Committee  
Township of Fairfield  
County of Cumberland, New Jersey

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the years ended December 31, 2013 and 2012 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 Fairfield's basic financial statements. The supplementary information listed in the table of contents and the general comments and findings 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 is the responsibility of management and was 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The general 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 August 22, 2014 on our consideration of the Township of Fairfield'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 Fairfield's internal control over financial reporting and compliance.

***Ford, Scott & Associates, L.L.C.***

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

***Michael S. Garcia***

**Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472**

**August 22, 2014**

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**EXHIBIT - A**  
**CURRENT FUND**



**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Regular Fund:			
Cash:			
Cash Treasurer	\$	1,055,297.65	2,015,978.91
Cash - Collector		1,294,667.88	226,421.30
Cash - Change		300.00	300.00
Total Cash		<u>2,350,265.53</u>	<u>2,242,700.21</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		551,544.00	488,676.87
Tax Title and Other Liens		333,221.20	313,698.08
Property Acquired for Taxes - at Assessed Valuation		426,250.00	426,250.00
Revenue Accounts Receivable		2,816.60	3,648.19
Interfund Receivable:			
Due from Federal & State Grant Fund		6,273.46	-
Other Receivables			
Total Receivables and Other Assets		<u>1,320,105.26</u>	<u>1,232,273.14</u>
Deferred Charges:			
Emergency Appropriation		90,000.00	-
Special Emergency Appropriation		57,752.00	105,940.00
Expenditure Without an Appropriation		13,647.38	-
Total Deferred Charges		<u>161,399.38</u>	<u>105,940.00</u>
Total Regular Fund		<u>3,831,770.17</u>	<u>3,580,913.35</u>
Federal and State Grant Fund:			
Cash		-	-
Federal and State Grants Receivable		302,727.41	260,459.68
Due from Current Fund		-	19,553.38
Total Federal and State Grant Fund		<u>302,727.41</u>	<u>280,013.06</u>
Total Current Fund	\$	<u><u>4,134,497.58</u></u>	<u><u>3,860,926.41</u></u>

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

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	\$	226,788.17	189,435.73
Reserve for Encumbrances		56,905.56	22,527.94
Accounts Payable			
Prepaid Taxes		104,792.02	85,276.74
Overpaid Taxes		44,097.80	33,793.32
Local School Tax Payable		462,701.99	445,905.99
Regional School Tax Payable		285,044.31	305,660.54
County Added Tax Payable		4,534.93	6,925.10
Special District Tax Payable			
Due to State:			
Seniors and Veterans		6,645.11	7,070.99
Interfund Payable:			
Animal Control Fund		477.00	477.00
Capital Fund		231,994.78	294,557.48
Grant Fund		-	19,553.38
Trust Other		14,723.23	14,670.67
Other			
Reserve for Garden State Preservation		-	38,491.00
		<u>1,438,704.90</u>	<u>1,464,345.88</u>
Reserve for Receivables and Other Assets		1,320,105.26	1,232,273.14
Fund Balance		<u>1,072,960.01</u>	<u>884,294.33</u>
Total Regular Fund		<u>3,831,770.17</u>	<u>3,580,913.35</u>
Federal and State Grant Fund:			
Unappropriated Reserves		3,384.48	14,028.83
Appropriated Reserves		290,419.51	261,295.23
Encumbrances Payable		2,649.96	4,689.00
Due to Current Fund		6,273.46	-
		<u>302,727.41</u>	<u>280,013.06</u>
Total Federal and State Grant Fund		<u>302,727.41</u>	<u>280,013.06</u>
Total Current Fund	\$	<u><u>4,134,497.58</u></u>	<u><u>3,860,926.41</u></u>

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

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized			
Fund Balance	\$	506,000.00	598,877.00
Miscellaneous Revenue Anticipated		1,000,680.67	925,319.83
Receipts from Delinquent Taxes		415,163.94	303,647.91
Receipts from Current Taxes		6,471,572.20	6,527,207.24
Non Budget Revenue		321,221.69	143,449.26
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		180,288.74	197,047.86
Interfund Returned		-	71,169.87
Total Income		<u>8,894,927.24</u>	<u>8,766,718.97</u>
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages		647,390.78	646,390.00
Other Expenses		1,016,719.00	975,329.00
Deferred Charges & Statutory Expenditures		101,602.00	123,219.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		-	-
Other Expenses		228,419.21	206,638.26
Capital Improvements		51,600.00	145,500.00
Debt Service		315,068.77	317,400.00
Deferred Charges		121,688.00	67,600.00
Transferred to Board of Education			
Local District School Tax		1,244,058.00	1,225,461.00
Regional District School Tax		1,458,347.00	1,499,579.17
County Tax		3,091,560.41	3,078,007.14
County Share of Added Tax		4,534.93	6,925.10
Interfund Created		6,273.46	-
Other:			
Prior Year Senior Citizens and Veterans			
Deductions Disallowed		3,000.00	3,750.00
Total Expenditures		<u>8,290,261.56</u>	<u>8,295,798.67</u>
Excess/(Deficit) in Revenue		<u>604,665.68</u>	<u>470,920.30</u>

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

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by			
Statute Deferred Charges to Budgets of			
Succeeding Year			
Emergency Appropriation		90,000.00	15,940.00
Total Adjustments		<u>90,000.00</u>	<u>15,940.00</u>
Statutory Excess to Fund Balance		<u>694,665.68</u>	<u>486,860.30</u>
Fund Balance January 1		<u>884,294.33</u>	<u>996,311.03</u>
		1,578,960.01	1,483,171.33
Decreased by:			
Utilization as Anticipated Revenue		<u>506,000.00</u>	<u>598,877.00</u>
Fund Balance December 31	\$	<u><u>1,072,960.01</u></u>	<u><u>884,294.33</u></u>

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



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 506,000.00		506,000.00	-
Total Fund Balance Anticipated	506,000.00	-	506,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	2,250.00		2,250.00	-
Fees and Permits	93,000.00		107,184.20	14,184.20
Fines and Costs:				
Municipal Court	41,000.00		42,605.41	1,605.41
Interest and Costs on Taxes	35,000.00		86,746.49	51,746.49
Cell Tower Lease	17,000.00		18,078.36	1,078.36
Cable T.V. Franchise Fees	13,000.00		12,473.27	(526.73)
Total Section A: Local Revenues	201,250.00	-	269,337.73	68,087.73
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	18,837.00		18,837.00	-
Energy Receipts Tax	422,481.00		422,481.00	-
Garden State Preservation Trust Fund	38,491.00		38,491.00	-
Total Section B: State Aid Without Offsetting Appropriations	479,809.00	-	479,809.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	22,000.00		8,513.75	(13,486.25)
Total Section C: Uniform Construction Code Fees	22,000.00	-	8,513.75	(13,486.25)

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

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
FEMA - Unappropriated Reserve	7,028.83		7,028.83	-
NJ Environmental Commission - Unappropriated Reserve	7,000.00		7,000.00	-
NJ Transportation Trust Fund - Clark's Pond Road		188,000.00	188,000.00	-
Clean Communities Program		12,390.38	12,390.38	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	14,028.83	200,390.38	214,419.21	-
Section G: Other Special Items				
Uniform Fire Safety Act	3,000.00		3,600.98	600.98
Reserve for Payment of Debt Service	25,000.00		25,000.00	-
Total Section G: Other Special Items				
	28,000.00	-	28,600.98	600.98
Total Miscellaneous Revenues:				
	745,087.83	200,390.38	1,000,680.67	55,202.46
Receipts from Delinquent Taxes	390,000.00		415,163.94	25,163.94
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	1,213,464.95		1,332,796.03	119,331.08
Total Amount to be Raised by Taxes for Support of Municipal Budget				
	1,213,464.95	-	1,332,796.03	119,331.08
Budget Totals				
	2,854,552.78	200,390.38	3,254,640.64	199,697.48
Non- Budget Revenues:				
Other Non- Budget Revenues:			321,221.69	321,221.69
	2,854,552.78	200,390.38	3,575,862.33	520,919.17

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	6,471,572.20
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	6,471,572.20
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Allocated to:

School, County and Other Taxes	5,798,500.34
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Balance for Support of Municipal Budget Appropriations	673,071.86
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	659,724.17
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Amount for Support of Municipal Budget Appropriations	1,332,796.03
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	387,151.73	
Tax Title Lien Collections	28,012.21	

Total Receipts from Delinquent Taxes	415,163.94
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Other Licenses	5,100.00	
Bank Interest	11.76	
Ambulance Fees	44,191.20	
FEMA - Sandy	158,420.32	
Prior Year Green Acres Grant	20,666.67	
Property Lists	92.29	
Vital Statistics	311.00	
Insurance Refunds	8,360.75	
Zoning Fees	100.00	
Senior & Veterans Administrative Fees	1,445.00	
Marriage Applications	339.95	
Tax Search	20.00	
Prior Year Smart Growth Grant	10,000.00	
Sewer Charges	6,318.12	
Miscellaneous	65,844.63	

Total Miscellaneous Revenue Not Anticipated:	321,221.69
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 77,700.00	77,700.00	77,700.00	-	-	-
Other Expenses	12,000.00	12,000.00	10,653.06	1,341.98	4.96	-
Mayor and Committee						
Salaries and Wages	27,550.00	27,550.00	26,472.32		1,077.68	-
Other Expenses	2,705.00	2,705.00	2,025.27	100.00	579.73	-
Municipal Clerk						
Salaries and Wages	37,500.00	37,500.00	37,500.00		-	-
Other Expenses	33,000.00	33,000.00	14,488.28	3,131.05	15,380.67	-
Financial Administration						
Salaries and Wages	22,836.00	22,836.00	18,675.22		4,160.78	-
Other Expenses						
Miscellaneous Other Expenses	9,500.00	9,500.00	8,649.30	800.00	50.70	-
Audit Services						
Other Expenses	33,000.00	33,000.00	32,500.00		500.00	-
Computerized Data Processing						
Other Expenses	4,000.00	1,000.00			1,000.00	-
Tax Collection						
Salaries and Wages	37,000.00	37,000.00	37,000.00		-	-
Other Expenses	12,000.00	12,000.00	9,833.35	964.66	1,201.99	-
Assessment of Taxes						
Salaries and Wages	20,754.78	20,754.78	20,254.78		500.00	-
Other Expenses	30,775.00	23,775.00	17,414.09	15.84	6,345.07	-
Legal Services						
Other Expenses	65,000.00	80,500.00	72,388.50	6,765.00	1,346.50	-
Other Expenses - TTL & Foreclosed Property	3,000.00	3,000.00			3,000.00	-
Engineering Services and Costs						
Other Expenses	40,000.00	40,000.00	5,301.52	1,200.00	33,498.48	-
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Other Expenses	19,800.00	19,800.00	4,489.49	1,112.48	14,198.03	-

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY FUNCTION</b>						
School Crossing Guards	9,500.00	9,500.00	9,430.25		69.75	-
Salaries and Wages	170.00	170.00	32.50		137.50	-
Other Expenses						
Office of Emergency Management						
Salaries and Wages	3,400.00	3,400.00	3,089.52		310.48	-
Other Expenses	4,400.00	4,400.00	733.27	1,461.23	2,205.50	-
Aid to Volunteer Fire Companies						
Aid to Volunteer Fire Company No. 1	45,000.00	45,000.00	45,000.00		-	-
Aid to Volunteer Fire Company No. 2	45,000.00	45,000.00	45,000.00		-	-
Ambulance Service						
Salaries and Wages	144,750.00	144,750.00	143,263.57		1,486.43	-
Other Expenses	20,000.00	20,000.00	18,413.62	1,331.30	255.08	-
Fire Department						
Salaries and Wages	3,600.00	3,600.00	2,215.52		1,384.48	-
Other Expenses	4,319.00	5,069.00	4,410.59		658.41	-
Municipal Prosecutor						
Salaries and Wages	15,000.00	15,000.00	15,000.00		-	-
<b>PUBLIC WORKS</b>						
Streets and Roads Maintenance						
Salaries and Wages	99,100.00	99,100.00	88,485.13		10,614.87	-
Other Expenses	58,000.00	47,000.00	36,534.53	4,649.75	5,815.72	-
Buildings and Grounds						
Other Expenses	30,000.00	38,000.00	33,590.02	2,986.25	1,423.73	-
Convenience Center						
Salaries and Wages	8,500.00	8,500.00	7,074.71		1,425.29	-
Other Expenses	86,000.00	181,000.00	138,169.75	4,775.00	38,055.25	-
<b>HEALTH AND HUMAN SERVICE</b>						
Environmental Commission						
Other Expenses	1,250.00	1,250.00	1,193.48		56.52	-
Animal Control						
Other Expenses	18,000.00	18,000.00	15,365.00	1,144.00	1,491.00	-

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>RECREATION</b>						
Senior Citizen Center	16,200.00	16,200.00	16,200.00		-	-
Salaries and Wages	2,200.00	2,200.00	436.66		1,763.34	-
Other Expenses						
Recreation Services and Programs	7,000.00	4,000.00	2,432.95	50.96	1,516.09	-
Other Expenses						
Parks and Playgrounds	1,000.00	1,000.00	882.62		117.38	-
Other Expenses						
<b>MUNICIPAL COURT</b>						
Municipal Court Administration	47,000.00	47,000.00	45,532.26		1,467.74	-
Salaries and Wages	11,000.00	11,000.00	3,710.16	440.50	6,849.34	-
Other Expenses						
Public Defender	5,000.00	5,000.00	1,650.00	3,350.00	-	-
Other Expenses						
<b>INSURANCE</b>						
Other	41,000.00	41,000.00	41,000.00		-	-
Employee Group Insurance	55,000.00	47,000.00	37,572.62	3,403.07	6,024.31	-
Worker's Compensation	74,000.00	67,000.00	64,729.00		2,271.00	-
<b>SEWER UTILITY</b>						
Other Expenses	6,900.00	7,900.00	7,437.75	275.00	187.25	-
Maintenance	10,500.00	11,500.00	10,401.94		1,098.06	-
Treatment						
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code	42,000.00	42,000.00	38,971.25	1,319.63	1,709.12	-
Construction Official	3,100.00	3,100.00	1,530.84	49.99	1,519.17	-
Salaries and Wages						
Other Expenses						
Code Enforcement	20,000.00	20,000.00	20,000.00		-	-
Salaries and Wages						

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Unexpended Balance Cancelled
<b>UNCLASSIFIED</b>					
Electric	33,600.00	37,850.00	30,292.59	2,313.19	5,244.22
Telephone	6,500.00	7,500.00	5,595.07	700.21	1,204.72
Gasoline	37,500.00	41,500.00	30,906.97	5,445.73	5,147.30
Gasoline	10,000.00	10,000.00	7,626.53	1,847.45	526.02
Street Lighting	45,000.00	45,000.00	42,051.79	2,948.21	(0.00)
Heating Oil	3,500.00	3,500.00	2,218.00	-	1,282.00
Economic Development	2,000.00	500.00	-	-	500.00
Salary Adjustments	10,000.00	10,000.00	5,841.03	796.80	3,362.17
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>1,574,109.78</b>	<b>1,664,109.78</b>	<b>1,419,366.67</b>	<b>54,719.28</b>	<b>(0.00)</b>
Contingent					-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>1,574,109.78</b>	<b>1,664,109.78</b>	<b>1,419,366.67</b>	<b>54,719.28</b>	<b>(0.00)</b>
Detail:					
Salaries and Wages	647,390.78	647,390.78	614,355.56	5,466.43	27,568.79
Other Expenses	926,719.00	1,016,719.00	805,011.11	49,252.85	162,455.04
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>					
Deferred Charges:					2,300.00
Prior Year Bills	2,300.00	2,300.00			-
Statutory Expenditures:					-
Contributions to:					-
Public Employees' Retirement System	29,602.00	29,602.00	29,602.00	-	-
Social Security System (O.A.S.I.)	50,000.00	50,000.00	41,699.46	164.19	8,136.35
Unemployment Compensation Insurance	22,000.00	22,000.00	2,099.92	19,900.08	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>103,902.00</b>	<b>103,902.00</b>	<b>73,401.38</b>	<b>164.19</b>	<b>2,300.00</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>1,678,011.78</b>	<b>1,768,011.78</b>	<b>1,492,768.05</b>	<b>54,883.47</b>	<b>2,300.00</b>

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
(A) Operations - Excluded from "CAPS"					
Emergency Service Volunteer Length of Service Award Program	14,000.00	14,000.00	12,200.00	1,800.00	-
	<u>14,000.00</u>	<u>14,000.00</u>	<u>12,200.00</u>	<u>1,800.00</u>	<u>-</u>
<b>(A) Public and Private Programs Off-Set by Revenues</b>					
FEMA - Unappropriated Reserve	7,028.83	7,028.83	7,028.83	-	-
NJ Environmental Commission	7,000.00	7,000.00	7,000.00	-	-
NJ Transportation Trust Fund - Clark's Pond Road	188,000.00	188,000.00	188,000.00	-	-
Clean Communities Program	12,390.38	12,390.38	12,390.38	-	-
	<u>214,419.21</u>	<u>214,419.21</u>	<u>214,419.21</u>	<u>-</u>	<u>-</u>
<b>Total Public and Private Programs Off-Set by Revenues</b>	228,419.21	228,419.21	226,619.21	1,800.00	-
<b>Total Operations - Excluded from "CAPS"</b>					
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	228,419.21	228,419.21	226,619.21	1,800.00	-
<b>(C) Capital Improvements</b>					
Capital Improvement Fund	39,000.00	39,000.00	39,000.00	-	-
Demolition of Township Owned Property	5,000.00	5,000.00	3,650.00	1,350.00	-
Water Line to Garage	2,000.00	2,000.00		2,000.00	-
Fuel Tank Retention Container	5,600.00	5,600.00		3,577.91	-
				2,022.09	
<b>Total Capital Improvements</b>	<u>51,600.00</u>	<u>51,600.00</u>	<u>42,650.00</u>	<u>6,927.91</u>	<u>-</u>
<b>(D) Debt Service</b>					
Payment of Bond Principal	175,000.00	175,000.00	175,000.00	-	-
Interest on Bonds	140,500.00	140,500.00	140,068.77		431.23
	<u>315,500.00</u>	<u>315,500.00</u>	<u>315,068.77</u>	<u>-</u>	<u>431.23</u>
<b>Total Debt Service</b>					

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



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(E) Deferred Charges					
Special Emergency Authorizations - 5 years	48,188.00	48,188.00	48,188.00	-	-
Deferred Charges to Future Taxation					
Unfunded - Ord 2007-3	22,500.00	22,500.00	22,500.00	-	-
Unfunded - Ord 2011-05	15,000.00	15,000.00	15,000.00	-	-
Unfunded - Ord 2012-14	36,000.00	36,000.00	36,000.00	-	-
Total Deferred Charges	<u>121,688.00</u>	<u>121,688.00</u>	<u>121,688.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>717,207.21</u>	<u>717,207.21</u>	<u>706,025.98</u>	<u>2,022.09</u>	<u>431.23</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>2,395,218.99</u>	<u>2,485,218.99</u>	<u>2,198,794.03</u>	<u>56,905.56</u>	<u>2,731.23</u>
(M) Reserve for Uncollected Taxes	<u>659,724.17</u>	<u>659,724.17</u>	<u>659,724.17</u>		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,054,943.16</u>	<u>3,144,943.16</u>	<u>2,858,518.20</u>	<u>56,905.56</u>	<u>2,731.23</u>
Budget		2,854,552.78			
Appropriations by 40A:4-87		200,390.38			
Emergency Appropriations		90,000.00			
		<u>3,144,943.16</u>			
Reserve for Uncollected Taxes			659,724.17		
Federal and State Grants			214,419.21		
Deferred Charges			48,188.00		
Disbursements			1,936,186.82		
			<u>2,858,518.20</u>	<u>Cancelled Overexpended</u>	<u>2,731.23</u>

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

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**EXHIBIT - B**  
**TRUST FUND**



**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 606.10	-
Due from Current Fund	477.00	477.00
	<u>1,083.10</u>	<u>477.00</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	371,910.71	268,671.28
Interfunds and Receivables:		
Due from Current Fund	14,723.23	14,670.67
Consortia Grant - Loans Receivable	61,034.00	61,034.00
Small Cities Loans - Receivable	136,785.00	136,785.00
	<u>584,452.94</u>	<u>481,160.95</u>
	<u>585,536.04</u>	<u>481,637.95</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Cash Overdraft	-	0.78
Reserve for Dog Fund Expenditures	1,054.30	476.22
Due to State of New Jersey	28.80	-
	<u>1,083.10</u>	<u>477.00</u>
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	31,424.13	29,397.30
Payroll	34,840.07	24,061.60
Sanitary Landfill	14,895.72	14,891.41
Developers Escrow	57,083.57	62,318.07
Uniform Fire Safety Fees	2,765.38	2,848.60
Tax Sale Premiums	145,450.00	48,950.00
Redemption of Tax Title Liens	66,283.01	66,985.47
Consortia Grant	8,860.06	8,857.50
Small Cities Grant	25,032.00	25,032.00
Loans Receivable:		
Consortia	61,034.00	61,034.00
Small Cities	136,785.00	136,785.00
	<u>584,452.94</u>	<u>481,160.95</u>
	<u>\$ 585,536.04</u>	<u>481,637.95</u>

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

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**EXHIBIT - C**  
**GENERAL CAPITAL FUND**





**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 401.28	401.19
Deferred Charges to Future Taxation -		
Funded	3,156,000.00	3,331,000.00
Unfunded	271,823.20	345,323.20
Interfunds and Receivables		
Due from Current Fund	231,994.69	294,557.48
	<u>3,660,219.17</u>	<u>3,971,281.87</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	3,156,000.00	3,331,000.00
Improvement Authorizations:		
Funded	10,861.42	10,657.48
Unfunded	51,319.75	201,586.39
Reserve for Landfill Closure	11,755.00	11,755.00
Reserve for Payment of Debt	277,891.00	302,891.00
Capital Improvement Fund	152,392.00	113,392.00
Fund Balance	-	-
	<u>\$ 3,660,219.17</u>	<u>3,971,281.87</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2012	345,323.20
2013	271,823.20

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

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ -	-
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ <u>-</u>	<u>-</u>

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

**EXHIBIT - D**  
**GENERAL FIXED ASSET ACCOUNT GROUP**



**GENERAL FIXED ASSET ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Land Buildings and Improvements	\$ 3,027,800.00	3,027,800.00
Machinery and Equipment	<u>2,139,192.00</u>	<u>2,139,192.00</u>
	<u>5,166,992.00</u>	<u>5,166,992.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>5,166,992.00</u>	<u>5,166,992.00</u>

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

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**A. Reporting Entity**

Except as noted below, the financial statements of the Township of Fairfield include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Fairfield, as required by N.J.S. 40A:5-5.

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

The Township of Fairfield was incorporated in 1798. The Township is located in Cumberland County approximately forty-five miles southeast of the City of Philadelphia. The population according to the 2010 Federal Census is 6,295.

The Township operates under a five member Township Committee. The Township Committee appoints the Mayor at the annual reorganization meeting. The Mayor is the Chief Executive Officer of the Township and is assisted by the Township Committee.

**B. Description of Funds**

The accounting policies of the Township of Fairfield 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 the respect to public funds. Under this method of accounting, the Township of Fairfield accounts for its financial transactions through the following separate funds:

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

Trust Funds -- 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 facilities, other than those acquired in the Current Fund.

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

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Basis of Accounting**

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

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition.

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Expenditures for long lived assets with an original cost in excess of \$500.00 are capitalized.

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 have not been accounted for separately.

Levy of 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 11th day of the 11th month in the fiscal 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.

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.

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

Capitalization of Interest -- It is the policy of the Township of Fairfield to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. 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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.



**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

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

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the Borough's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$659,724.17 and \$562,288.22. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$506,000.00 and \$598,877.00.

**TOWNSHIP OF FAIRFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 2: BUDGETARY INFORMATION – Continued**

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by The Township Committee. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Legal Services and Costs		
Other Expenses	\$ 15,500.00	10,000.00
Revenue Administration		
Salaries and Wages		(10,000.00)
Streets and Roads Maintenance		
Other Expenses	(11,000.00)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Clean Communities Program	\$ 12,390.38	10,553.26
NJ Transportation Trust Fund Authority Act	188,000.00	173,000.00
Total	<u>\$ 200,390.38</u>	<u>183,553.26</u>

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2009 and 2012 for \$225,000.00 and \$15,940.00. The emergencies were for a revaluation within the entity and the Master Plan. The unfunded balances as of December 31, 2013 are \$45,000.00 and \$12,752.00. The entity also approved an emergency appropriation in 2013 for Repairs to the Fairfield Convenience Center in the amount of \$90,000.00.

**Note 3: INVESTMENTS**

As of December 31, 2013 and 2012, the municipality held no investments.

**TOWNSHIP OF FAIRFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 4: 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 returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$2,717,823.61 and \$2,535,126.50 was exposed to custodial credit risk.

**Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land Buildings & Improvements	\$ 3,027,800.00			3,027,800.00
Machinery & Equipment	2,137,393.00	1,799.00	-	2,139,192.00
	<u>\$ 5,165,193.00</u>	<u>1,799.00</u>	<u>-</u>	<u>5,166,992.00</u>
	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land Buildings & Improvements	3,027,800.00	-		3,027,800.00
Machinery & Equipment	2,139,192.00	-	-	2,139,192.00
	<u>\$ 5,166,992.00</u>	<u>-</u>	<u>-</u>	<u>5,166,992.00</u>

**Note 6: SHORT-TERM OBLIGATIONS**

Balance 12/31/11	Issued	Retired	Balance 12/31/12
None			None
Balance 12/31/12	Issued	Retired	Balance 12/31/13
None			None

As of December 31, 2013 the entity has authorized but not issued bonds in the amount of \$271,823.20.

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 7: LONG TERM DEBT**

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ 3,501,000.00	170,000.00	3,331,000.00	175,000.00
Total	<u>3,501,000.00</u>	<u>170,000.00</u>	<u>3,331,000.00</u>	<u>175,000.00</u>
Compensated Absences Payable	<u>19,596.00</u>	<u>2,657.40</u>	<u>16,938.60</u>	<u>-</u>
Total long-term liabilities	<u>\$ 3,520,596.00</u>	<u>172,657.40</u>	<u>3,347,938.60</u>	<u>175,000.00</u>

  

	Balance 12/31/12	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ -		-	-
Utility	3,331,000.00	175,000.00	3,156,000.00	180,000.00
Total	<u>3,331,000.00</u>	<u>175,000.00</u>	<u>3,156,000.00</u>	<u>180,000.00</u>
Compensated Absences Payable	<u>16,938.60</u>	<u>5,611.16</u>	<u>11,327.44</u>	<u>-</u>
Total long-term liabilities	<u>\$ 3,347,938.60</u>	<u>180,611.16</u>	<u>3,167,327.44</u>	<u>180,000.00</u>

**Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:**

\$4,131,000 General Improvement Bond dated December 15, 2006 payable in annual installments through 2027. Interest is paid annually varying from 4.25% to 4.375% per annum. The balance remaining as of December 31, 2013 is \$3,156,000.00.

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

Year	General Capital Fund	
	Principal	Interest
2014	\$ 180,000.00	132,525.00
2015	185,000.00	124,768.75
2016	190,000.00	116,800.00
2017	195,000.00	108,618.75
2018	200,000.00	100,225.00
2019-2023	1,150,000.00	360,612.50
2024-2027	<u>1,056,000.00</u>	<u>93,887.51</u>
	<u>\$ 3,156,000.00</u>	<u>\$ 1,037,437.51</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$140,068.77.

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 7: LONG TERM DEBT - Continued**

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 3,156,000.00	3,331,000.00	3,501,000.00
Total Issued	<u>3,156,000.00</u>	<u>3,331,000.00</u>	<u>3,501,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	271,823.20	345,323.20	455,800.00
Total Authorized But Not Issued	<u>271,823.20</u>	<u>345,323.20</u>	<u>455,800.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 3,427,823.20</u>	<u>3,676,323.20</u>	<u>3,956,800.00</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 0.997%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local & Regional School District Debt	\$ 7,080,606.64	7,080,606.64	-
General Debt	3,427,823.20	277,891.00	3,149,932.20
	<u>\$ 10,508,429.84</u>	<u>7,358,497.64</u>	<u>3,149,932.20</u>

Net Debt \$3,149,932.20 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$315,863,339.33 = 0.997%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 11,055,216.88
Net Debt	3,149,932.20
Remaining Borrowing Power	<u>\$ 7,905,284.68</u>

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in the respective fund for the year ending December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	\$ 532,000.00	506,000.00

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current & Grant Fund:			
Special Emergency Appropriation	\$ 57,752.00	48,188.00	9,564.00
Emergency Appropriation	90,000.00	90,000.00	-
Overexpenditure of Grant Appropriation	13,647.38	13,647.38	-
	<u>161,399.38</u>	<u>151,835.38</u>	<u>9,564.00</u>

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$1,244,058.00 and \$1,225,461.00 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2013	12/31/2012
Balance of Tax	\$ 735,691.99	718,895.99
Deferred	272,990.00	272,990.00
Tax Payable	<u>\$ 462,701.99</u>	<u>445,905.99</u>

Regional District School Tax in the amounts of \$1,458,347.00 and \$1,499,579.17 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Regional District School Taxes have been raised resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2013	12/31/2012
Balance of Tax	\$ 773,172.31	793,788.54
Deferred	488,128	488,128.00
Tax Payable	<u>\$ 285,044.31</u>	<u>305,660.54</u>

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 104,792.02	85,276.74
Cash Liability for Taxes Collected in Advance	\$ 104,792.02	85,276.74

**Note 12: PENSION FUNDS**

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) a cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions 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 system. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially

determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$29,602.00, \$48,219.00 and \$56,810.00.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$594,700.79, \$611,300.52, and \$538,232.36. Payroll covered by PERS was \$218,476.00, \$249,307.00 and N/A.

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 the system.

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 12: PENSION FUNDS - Continued**

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.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- 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, special retirement under 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  $\frac{1}{60}$  from  $\frac{1}{55}$ , 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. This law also closed the Prosecutors Part of the PERS to new members and 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 as  $\frac{1}{7}$  of the required amount, beginning in fiscal year 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.

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.



**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 12: PENSION FUNDS - Continued**

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 13: ACCRUED SICK AND VACATION BENEFITS**

The Township has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$11,327.44 in 2013 and \$16,938.60 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey.

**Note 14: ECONOMIC DEPENDENCY**

The Township of Fairfield is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

**Note 15: RISK MANAGEMENT**

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

Calendar Year	Employer Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2013	\$ -	2,015.01	11.82	-	31,424.13
2012	15,224.37	7,596.71	62.01	11,511.92	29,397.30
2011	30,000.00	-	28.54	27,106.68	33,250.50

**Note 16: CONTINGENT LIABILITIES**

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**TOWNSHIP OF FAIRFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 17: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Township of Fairfield:

	Due From	Due To
Current Fund:		
Federal and State Grant Fund	\$ 6,273.46	
Trust Fund		14,723.23
Trust - Animal Control Fund		477.00
General Capital Fund		231,994.78
Grant Fund:		
Current Fund		6,273.46
Trust Fund:		
Current - Animal Control Fund	477.00	
Current - Trust Other	14,723.23	
General Capital Fund:		
Current Fund	231,994.78	
	<u>253,468.47</u>	<u>253,468.47</u>

The amounts due to the Current Fund from the Grant fund is due to the fact that the Current Fund advances cash to the Grant Fund in anticipation of Grant Receivable balances being collected from the granting agency. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**Note 18: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through August 22, 2014, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**





## **INDEPENDENT AUDITOR'S REPORT**

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

To the Honorable Mayor and  
Members of the Township Committee  
Township of Fairfield  
County of Cumberland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Fairfield, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 22, 2014, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Fairfield prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However we did identify certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings #2013-1, #2013-2, #2013-3, #2013-4 and #2013-7 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Finding #2013-6 to be a significant deficiency.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as Findings #2013-5 and #2013-8.

### **Township's Responses to Findings**

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

### **Purpose of this Report**

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

***Ford, Scott & Associates, L.L.C.***

FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

***Michael S. Garcia***

Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

August 22, 2014

**TOWNSHIP OF FAIRFIELD**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2013**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis.**

Internal control over financial reporting:

1) Material Weakness identified? **YES**

2) Significant Deficiency identified? **YES**

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, our audit disclosed eight findings relating to the financial statements that are required to be reported. These findings are listed in the Findings and Recommendations. We have also issued a Management Letter.

**MANAGEMENT RESPONSES**

Finding #2013-1	The New CFO will maintain the General Ledger.
Finding #2013-2	The Rental Inspection Cash Book will be properly maintained.
Finding #2013-3	The Township will attempt to fully detail the "Old" Developer's Escrow Account.
Finding #2013-4	The Township will require proper report submission from the Ambulance Squads.
Finding #2013-5	All Dog Account Cash Receipts will be made within 48 hours of their receipt.
Finding #2013-6	Records will be maintained and available for audit that support the calculation for Health Insurance Contributions due from employees.
Finding #2013-7	Records will be maintained and available for audit that support Construction Code Activity.
Finding #2013-8	Grant Expenditures will not be made in excess of available funding.

**STATUS OF PRIOR YEAR FINDINGS**

Finding 2013-1, 2013-2, 2013-3 and 2013-4 are repeated from 2012.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 2,015,978.91	-
Increased by Receipts:		
Tax Collector	5,680,551.97	
Revenue Accounts Receivable	975,907.54	
Homestead Rebates Received	185,166.08	
Due from State of NJ - Seniors & Vets	72,250.00	
Due from Trust Other	52.56	
Due to Current Fund		25,826.84
Federal and State Unappropriated		15,774.86
Federal and State Receivables		145,732.27
	<u>6,913,928.15</u>	<u>187,333.97</u>
	8,929,907.06	187,333.97
Decreased by Disbursements:		
Current Year Appropriation	1,936,186.82	
Prior Year Appropriations	31,674.93	
County Taxes	3,098,485.51	
Local District School Taxes	1,227,262.00	
Regional School Taxes	1,478,963.23	
Expenditure Without an Appropriation	13,647.38	
Due to General Capital Fund	62,562.70	
Due from Federal & State Grant Fund	25,826.84	
Federal and State Disbursements		187,333.97
	<u>7,874,609.41</u>	<u>187,333.97</u>
Balance December 31, 2013	\$ <u>1,055,297.65</u>	<u>-</u>



**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2012		\$	226,421.30
Increased by Receipts:			
Prepaid Taxes	104,792.02		
Taxes Receivable	6,486,101.98		
Revenue Accounts Receivable	93,084.61		
Tax Title and Other Liens	28,012.21		
Tax Overpayments	36,807.73		
			<u>6,748,798.55</u>
			6,975,219.85
Payments to Treasurer			<u>5,680,551.97</u>
		\$	<u><u>1,294,667.88</u></u>

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien		Balance Dec. 31, 2013
				2012	2013				
Arrears	\$ 13,525.53				1,937.02		7.96		11,580.55
2011	19,106.05				(2,553.90)	6,941.25	14,718.70		(0.00)
2012	456,045.29		3,000.00		387,768.61	29,398.96			41,877.72
	488,676.87	-	3,000.00	-	387,151.73	36,340.21	14,726.66		53,458.27
2013		7,012,925.51	10,278.26	85,276.74	6,386,295.46	22,691.02	30,854.82		498,085.73
	488,676.87	7,012,925.51	13,278.26	85,276.74	6,773,447.19	59,031.23	45,581.48		551,544.00
<hr/>									
				6,486,101.98				Cash Receipts	
				75,675.88				Senior Citizens and Veterans	
				185,166.08				Homestead Rebates	
				26,503.25				Net Overpayments Applied	
				<u>6,773,447.19</u>					
<hr/>									
<b>Analysis of Current Year Tax Levy</b>									
Tax Yield:									
		General Property Tax			7,012,925.51				
		Added Taxes (54:4-63.1 et. Seq.)			10,278.26				
					<u>7,023,203.77</u>				
<hr/>									
Tax Levy:									
		General County Taxes			2,911,563.05				
		County Open Space Taxes			31,584.58				
		County Health Taxes			148,412.78				
		County Added and Omitted Taxes			4,534.93				
		Total County Taxes			<u>3,096,095.34</u>				
		Local School District Tax			1,244,058.00				
		Regional School District Tax			1,458,347.00				
		Local Tax for Municipal Purposes			1,213,464.95				
		Add: Additional Tax Levied			11,238.48				
					<u>1,224,703.43</u>				
					<u>7,023,203.77</u>				

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$	313,698.08
Increased by:			
Transfers from Taxes Receivable	45,581.48		
Interest and Costs Accrued at Tax Sale	1,953.85		
	<hr/>		<hr/>
			47,535.33
			361,233.41
Decreased by:			
Collections	28,012.21		
	<hr/>		<hr/>
			28,012.21
Balance December 31, 2013		\$	<u><u>333,221.20</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$	2,250.00		2,250.00	-
Fees and Permits		107,184.20		107,184.20	-
Fines and Costs:					
Municipal Court	3,648.19	41,773.82		42,605.41	2,816.60
Interest and Costs on Taxes		86,746.49	86,746.49		-
Cell Tower Lease		18,078.36		18,078.36	-
Cable T.V. Franchise Fees		12,473.27		12,473.27	-
Consolidated Municipal Property Tax Relief Aid		18,837.00		18,837.00	-
Energy Receipts Tax		422,481.00		422,481.00	-
Uniform Construction Code Fees		8,513.75		8,513.75	-
Reserve to Pay Debt Service		25,000.00		25,000.00	-
Uniform Fire Safety Act		3,600.98		3,600.98	-
Miscellaneous Revenue Not Anticipated		321,221.69	6,338.12	314,883.57	-
	<u>\$ 3,648.19</u>	<u>1,068,160.56</u>	<u>93,084.61</u>	<u>975,907.54</u>	<u>2,816.60</u>

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT:</b>				
General Administration				
Other Expenses	9,879.61	9,879.61	4,014.62	5,864.99
Mayor and Committee				
Other Expenses	63.27	63.27		63.27
Municipal Clerk				
Other Expenses				
Financial Administration	5,754.35	5,754.35	718.79	5,035.56
Other Expenses	1,517.83	1,517.83	923.40	594.43
Computerized Data Processing				
Other Expenses	51.55	51.55		51.55
Revenue Administration				
Salaries and Wages	447.91	447.91		447.91
Other Expenses	990.88	990.88	961.00	29.88
Tax Assessment Administration				
Salaries and Wages	0.22	0.22		0.22
Other Expenses	931.24	931.24	82.35	848.89
Legal Services				
Other Expenses				
Other Expenses - TTL & Foreclosed Property	6,807.35	6,807.35	4,259.25	2,548.10
Engineering Services and Costs	4,000.00	4,000.00		4,000.00
Other Expenses	15,578.32	15,578.32		15,578.32
<b>LAND USE ADMINISTRATION</b>				
Planning Board				
Other Expenses	4,827.76	4,827.76	75.00	4,752.76
Master Plan	621.82	621.82		621.82

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>PUBLIC WORKS FUNCTIONS</b>				
School Crossing Guards	130.00	130.00		130.00
Other Expenses				
Office of Emergency Management				
Salaries and Wages	52.80	52.80		52.80
Other Expenses	1,535.05	1,535.05	1,088.70	446.35
Ambulance Services				
Salaries and Wages	3,936.35	3,936.35		3,936.35
Other Expenses	349.40	349.40	340.00	9.40
Fire Department				
Salaries and Wages	771.26	771.26		771.26
Other Expenses	870.87	870.87		870.87
Municipal Prosecutor				
Salaries and Wages	800.00	800.00		800.00
<b>PUBLIC WORKS FUNCTION</b>				
Road Repairs and Maintenance				
Salaries and Wages	16,869.65	16,869.65		16,869.65
Other Expenses	11,012.74	11,012.74	4,050.44	6,962.30
Public Building and Grounds				
Other Expenses	3,222.44	3,222.44	918.74	2,303.70
Convenience Center				
Salaries and Wages	43.44	43.44		43.44
Other Expenses	31,296.23	31,296.23	2,937.44	28,358.79
<b>HEALTH AND HUMAN SERVICE FUNCTIONS</b>				
Environmental Commission				
Other Expenses	1,085.00	1,085.00		1,085.00
Animal Control Services				
Other Expenses	2,421.65	2,421.65	1,750.00	671.65

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>RECREATION</b>				
Senior Citizen Center				
Salaries and Wages	187.74	187.74		187.74
Other Expenses	75.01	75.01		75.01
Recreation Services and Programs				
Other Expenses	9,256.16	9,256.16	43.25	9,212.91
Parks and Playgrounds				
Other Expenses	88.73	88.73		88.73
<b>MUNICIPAL COURT</b>				
Municipal Court Administration				
Salaries and Wages	5,571.92	5,571.92		5,571.92
Other Expenses	6,117.36	6,117.36	910.54	5,206.82
Public Defender				
Salaries and Wages	2,150.00	2,150.00		2,150.00
<b>INSURANCE</b>				
Liability Insurance	668.50	668.50		668.50
Employee Group Insurance	68.84	68.84	68.84	-
Worker's Compensation	1,178.50	1,178.50		1,178.50
<b>SEWER UTILITY</b>				
Other Expenses				
Maintenance	3,095.00	3,095.00	813.97	2,281.03
Treatment	456.30	456.30		456.30
<b>UNIFORM CONSTRUCTION CODE</b>				
Construction Official				
Other Expenses	1,820.38	1,820.38	996.05	824.33

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>UNCLASSIFIED</b>				
Electric	578.22	578.22	489.82	88.40
Telephone	8,590.09	8,590.09	378.31	8,211.78
Gasoline	2,200.54	2,200.54		2,200.54
Natural Gas	2,484.22	2,484.22	1,276.61	1,207.61
Street Lighting	7,621.97	7,621.97	1,186.41	6,435.56
Heating Oil	5,332.79	5,332.79	1,825.00	3,507.79
Economic Development	1,900.00	1,900.00		1,900.00
<b>STATUTORY EXPENDITURES</b>				
Contributions to				
Social Security System	3,236.47	3,236.47		3,236.47
Unemployment Compensation	9,775.63	9,775.63	1,530.24	8,245.39
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Insurance				
Employee Group Health	3,085.00	3,085.00	36.16	3,048.84
Emergency Services Volunteer Length of Service				
Award Program (LOSAP)	7,700.00	7,700.00		7,700.00
<b>CAPITAL IMPROVEMENTS</b>				
Administrative Equipment	2,855.31	2,855.31		2,855.31
	<u>\$ 211,963.67</u>	<u>211,963.67</u>	<u>31,674.93</u>	<u>180,288.74</u>



**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

	<u>Ref.</u>	
Balance December 31, 2012		
School Tax Payable	\$ 445,905.99	
School Tax Deferred	<u>272,990.00</u>	
		\$ 718,895.99
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>1,244,058.00</u>
		1,962,953.99
Decreased by:		
Payments		<u>1,227,262.00</u>
Balance December 31, 2013		
School Tax Payable	462,701.99	
School Tax Deferred	<u>272,990.00</u>	
		<u>735,691.99</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		1,227,262.00
Tax Payable Ending		<u>462,701.99</u>
		1,689,963.99
Less: Tax Payable Beginning		<u>445,905.99</u>
Amount charged to Current Year Operations		<u>\$ 1,244,058.00</u>

**CURRENT FUND  
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

	<u>Ref.</u>	
Balance December 31, 2012		
School Tax Payable	\$ 305,660.54	
School Tax Deferred	<u>488,128.00</u>	
		\$ 793,788.54
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>1,458,347.00</u>
		2,252,135.54
Decreased by:		
Payments		<u>1,478,963.23</u>
Balance December 31, 2013		
School Tax Payable	285,044.31	
School Tax Deferred	<u>488,128.00</u>	
		<u><u>773,172.31</u></u>
Current Year Liability for Local School District School Tax:		
Tax Paid		1,478,963.23
Tax Payable Ending		<u>285,044.31</u>
		1,764,007.54
Less: Tax Payable Beginning		<u>305,660.54</u>
Amount charged to Current Year Operations		<u><u>\$ 1,458,347.00</u></u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>				
None	\$ -			-
Total Federal	-	-	-	-
<b>STATE GRANTS:</b>				
NJ Department of Transportation - Flat Top Road	64,519.03			64,519.03
NJ Department of Transportation - Herring Road	22,940.65			22,940.65
NJ Department of Transportation - Coombs Road	173,000.00		145,732.27	27,267.73
NJ Department of Transportation - Clarks Pond Road		188,000.00		188,000.00
Clean Communities				-
Total State	260,459.68	188,000.00	145,732.27	302,727.41
	\$ 260,459.68	188,000.00	145,732.27	302,727.41

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013	Disbursed	Encumbrances	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances				
<b>FEDERAL GRANTS:</b>						
FEMA			7,028.83			7,028.83
	-	-	7,028.83	-	-	7,028.83
Total Federal						
<b>STATE GRANTS:</b>						
Recycling Tonnage	98.03					98.03
NJ Environmental Commission			7,000.00	3,207.56		3,792.44
Clean Communities	2,914.39		12,390.38	12,569.14	2,649.96	85.67
Municipal Stormwater	5,001.25					5,001.25
Alcohol Education Rehabilitation Program	13,993.00	189.00		189.00		13,993.00
NJ Department of Transportation - Flat Top Road	57,204.61					57,204.61
NJ Department of Transportation - Flat Top Road Match	6,695.00					6,695.00
NJ Department of Transportation - Herring Road	18,782.35					18,782.35
NJ Department of Transportation - Coombs Road	149,640.50	4,500.00		139,157.27		14,983.23
NJ Department of Transportation - Church Street	6,966.10			4,575.00		2,391.10
NJ Department of Transportation - Clarks Pond Road			188,000.00	27,636.00		160,364.00
Total State	261,295.23	4,689.00	207,390.38	187,333.97	2,649.96	283,390.68
	261,295.23	4,689.00	214,419.21	187,333.97	2,649.96	290,419.51

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>				
FEMA	\$ 7,028.83	7,028.83		-
Total Federal	<u>7,028.83</u>	<u>7,028.83</u>	<u>-</u>	<u>-</u>
<b>STATE GRANTS:</b>				
Assoc. of NJ Environmental Commissions -				
Reserve for Master Plan	7,000.00	7,000.00		-
Clean Communities		12,390.38	12,390.38	-
Recycling Tonnage Grant			3,384.48	3,384.48
Total State	<u>7,000.00</u>	<u>19,390.38</u>	<u>15,774.86</u>	<u>3,384.48</u>
	<u>\$ 14,028.83</u>	<u>26,419.21</u>	<u>15,774.86</u>	<u>3,384.48</u>

**TRUST FUND**  
**SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2012		\$	(0.78)
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	615.00		
Due to State of NJ	321.60		
	<hr/>		<hr/>
			936.68
			935.90
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	37.00		
Due to State of New Jersey	292.80		
	<hr/>		<hr/>
			329.80
Balance December 31, 2013		\$	<u><u>606.10</u></u>

**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2012		\$	268,671.28
Increased by:			
Cash Receipts for:			
Current Fund Interfund	35.96		
Other Reserves:			
Interest on Investments	124.30		
Employee Withholdings	2,015.01		
Other Receipts	1,154,498.61		
			<u>1,156,673.88</u>
			1,425,345.16
Decreased by:			
Cash Disbursed for:			
Current Fund Interfund	88.52		
Other Reserves	1,053,345.93		
			<u>1,053,434.45</u>
Balance December 31, 2013		\$	<u><u>371,910.71</u></u>

**TRUST FUND**  
**ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2012		\$	476.22
Increased by:			
Dog License - Cash Receipts	615.00		
Interest on Investments	0.08		
	<hr/>		<hr/>
			615.08
			1,091.30
Decreased by:			
Cash Disbursed	37.00		
	<hr/>		<hr/>
			37.00
Balance December 31, 2013		\$	<u>1,054.30</u>

Fess Collected	2012	1,197.22
	2011	<u>1,277.20</u>
		<u>2,474.42</u>



**TRUST FUND**  
**ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2012		\$	-
Increased by:			
Cash Receipts	321.60		
	<hr/>		<hr/>
			321.60
			321.60
Decreased by:			
Cash Disbursed	292.80		
	<hr/>		<hr/>
			292.80
Balance December 31, 2013		\$	<hr/> <hr/> 28.80

**TRUST FUND  
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2012	Interest on Investments	Employee Withholdings	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2013
Unemployment Compensation	\$ 29,397.30	11.82	2,015.01			31,424.13
Payroll	24,061.60			749,852.71	739,074.24	34,840.07
Sanitary Landfill Escrow	14,891.41	4.31				14,895.72
Developers Escrow	62,318.07	16.31		16,179.93	21,430.74	57,083.57
Uniform Fire Safety	2,848.60	0.78			84.00	2,765.38
Tax Title Lien Redemptions	66,985.47	37.29		276,365.97	277,105.72	66,283.01
Tax Sale Premiums	48,950.00	51.23		112,100.00	15,651.23	145,450.00
Consortia Grant	8,857.50	2.56				8,860.06
Small Cities	25,032.00					25,032.00
	\$ 283,341.95	124.30	2,015.01	1,154,498.61	1,053,345.93	386,633.94

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2012		\$	401.19
Increased by:			
Due from Current Fund	62,562.70		
Interest Earned on Investments	0.09		
Current Fund Budget Appropriations:			
Capital Improvement Fund	39,000.00		
Deferred Charges to Future Taxation Unfunded	73,500.00		
			<u>175,062.79</u>
			175,463.98
Decreased by:			
Improvement Authorizations	150,062.70		
Reserve for Payment of Debt Anticipated as			
Current Fund Revenue	25,000.00		
			<u>175,062.70</u>
Balance December 31, 2013		\$	<u><u>401.28</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2013
		Miscellaneous			From	To	
Fund Balance	\$ -						-
Capital Improvement Fund	113,392.00	39,000.00					152,392.00
Due from Current Fund	(294,557.48)	111,062.79			73,500.00	25,000.00	(231,994.69)
Reserve for Debt Service	302,891.00				25,000.00		277,891.00
Reserve for Landfill Closure	11,755.00						11,755.00
<u>Improvement Authorizations:</u>							
3-2007 Beach Improvements at Seabreeze	(2,990.95)					2,990.95	-
3-2007 Site Clean Up	(109,743.25)					19,509.05	(90,234.20)
2010 Elmer Road	106.82						106.82
5-2011 Various Capital Improvements	(31,002.61)		21,397.39			15,000.00	(37,400.00)
11-2012 Various Improvements	2,050.66		807.06				1,243.60
14-2012 Various Improvements:							
Municipal Building Road	2,500.00		30,058.25			8,889.00	(18,669.25)
Refurbishing of Ambulance	5,000.00		97,800.00			18,600.00	(74,200.00)
Municipal Building Generator	1,000.00					8,511.00	9,511.00
	<u>401.19</u>	<u>150,062.79</u>		<u>150,062.70</u>	<u>98,500.00</u>	<u>98,500.00</u>	<u>401.28</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2012		\$	113,392.00
Increased by:			
Budget Appropriation	39,000.00		
	<hr/>		<hr/>
			39,000.00
			<hr/>
			152,392.00
Decreased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
Balance December 31, 2013		\$	<u><u>152,392.00</u></u>

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

Balance December 31, 2012		\$	3,331,000.00
Increased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
			3,331,000.00
Decreased by:			
Serial Bonds Paid			
	175,000.00		
	<hr/>		<hr/>
			175,000.00
			<hr/>
Balance December 31, 2013		\$	<u><u>3,156,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	Raised in 2013 Budget	Balance Dec. 31, 2013	Analysis of Balance		
					Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
3-2007	Beach Improvements at Seabreeze	\$ 109,743.25	19,509.05	90,234.20	-	90,234.20	-
3-2007	Site Clean Up	2,990.95	2,990.95	-	-	-	-
5-2011	Various Capital Improvements	52,400.00	15,000.00	37,400.00	-	37,400.00	-
14-2012	Various Capital Improvements:						
	Municipal Building Roof	39,889.00	8,889.00	31,000.00	-	18,669.25	12,330.75
	Refurbishing of Ambulance	92,800.00	18,600.00	74,200.00	-	74,200.00	-
	Municipal Building Generator	47,500.00	8,511.00	38,989.00	-	-	38,989.00
		<u>\$ 345,323.20</u>	<u>73,500.00</u>	<u>271,823.20</u>	<u>-</u>	<u>220,503.45</u>	<u>51,319.75</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded		Funded	Unfunded
2010	Elmer Road	2007	15,000	\$ 106.82			106.82	
5-2011	Various Capital Improvements	2011	96,500		21,397.39	21,397.39		-
11-2012	Various Improvements	7/10/2012	57,346	2,050.66		807.06	1,243.60	
14-2012	Various Improvements:							
	Municipal Building Roof	11/13/2012	42,389	2,500.00	39,889.00	30,058.25		12,330.75
	Refurbishing of Ambulance	11/13/2012	97,800	5,000.00	92,800.00	97,800.00		-
	Municipal Building Generator	11/13/2012	50,000	1,000.00	47,500.00		9,511.00	38,989.00
				<u>\$ 10,657.48</u>	<u>201,586.39</u>	<u>150,062.70</u>	<u>10,861.42</u>	<u>51,319.75</u>



**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Various General Improvements	12/15/2006	4,131,000	12/15/2014	180,000.00	4.250%	\$ 3,331,000.00	175,000.00	3,156,000.00
			12/15/2015	185,000.00	4.250%			
			12/15/2016	190,000.00	4.250%			
			12/15/2017	195,000.00	4.250%			
			12/15/2018	200,000.00	4.250%			
			12/15/2019	210,000.00	4.250%			
			12/15/2020	220,000.00	4.250%			
			12/15/2021	230,000.00	4.375%			
			12/15/2022	240,000.00	4.375%			
			12/15/2023	250,000.00	4.375%			
			12/15/2024	255,000.00	4.375%			
			12/15/2025	260,000.00	4.375%			
			12/15/2026	265,000.00	4.375%			
			12/15/2027	276,000.00	4.375%			
						\$ 3,331,000.00	175,000.00	3,156,000.00

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Other	Balance Dec. 31, 2013
3-2007	Beach Improvements at Seabreeze	\$ 109,743.25		19,509.05	90,234.20
3-2007	Site Clean Up	2,990.95		2,990.95	-
5-2011	Various Capital Improvements	52,400.00		15,000.00	37,400.00
14-2012	Various Capital Improvements:				
	Municipal Building Roof	39,889.00		8,889.00	31,000.00
	Refurbishing of Ambulance	92,800.00		18,600.00	74,200.00
	Municipal Building Generator	47,500.00		8,511.00	38,989.00
		<u>\$ 345,323.20</u>	<u>-</u>	<u>73,500.00</u>	<u>271,823.20</u>

**TOWNSHIP OF FAIRFIELD**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2013**



## TOWNSHIP OF FAIRFIELD

### GENERAL COMMENTS

#### **Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4**

N.J.S.A. 40A:11-4 states, "Every contract 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 therefor, except as is provided otherwise in this act or specifically by any other law." The bid threshold is \$26,000.

The governing body of the Township of Fairfield 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 a violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

Reconstruction of Clarks Pond Road

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

The statutes provide 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 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Township Committee of the Township of Fairfield, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Fairfield, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Township Committee of the Township of Fairfield, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 percent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2013.

This Resolution shall take effect January 1, 2013.

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

**TOWNSHIP OF FAIRFIELD**

**GENERAL COMMENTS (Continued)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held and determined to be complete.

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

The following comparison is made of the number of tax title liens receivable on December 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Number</u>
2013	82
2012	58
2011	58

It is essential to good management that all means provided by the statutes 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 taxes and charges, as well as current payments, was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 and 2014 Taxes	5
Delinquent Taxes	5
Total	<u>10</u>

## TOWNSHIP OF FAIRFIELD

### Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that, other than the items related to the Dog Trust Account, municipal funds were being deposited within the mandated time.

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

<u>Year</u>		<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$	7,023,203.77	6,471,572.20	92.15%
2012		6,700,021.91	6,306,457.22	94.13%
2011		6,856,099.06	6,425,433.85	93.72%

### Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011 (R)</u>
Tax Rate	\$ 2.212	2.203	2.083
Apportionment of Tax Rate:			
Municipal	0.383	0.384	0.375
County	0.976	0.965	0.896
Regional School	0.460	0.470	0.434
Local School	0.393	0.384	0.378

### 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 four years.

<u>Year</u>		<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$	333,221.20	551,544.00	884,765.20	12.60%
2012		313,698.08	488,676.87	802,374.95	11.98%
2011		330,733.08	266,366.78	597,099.86	8.71%

## TOWNSHIP OF FAIRFIELD

### FINDINGS AND RECOMMENDATIONS

**Finding #2013-1: \*\*\***

The General Ledger was not complete.

**Criteria:**

The Chief Financial Officer is responsible for correctly posting all required transactions and journal entries to the General Ledger in accordance with NJAC 5:30-5.7.

**Condition:**

The General Ledger did not contain all of the required entries.

**Context:**

Although the General Ledger did not contain all of the required entries, the subsidiary ledgers for Revenue, Appropriations and Tax Activity and Balances, as well as the Cash Reconciliations, were accurate and reliable enabling the production of the Financial Statements.

**Cause:**

The prior Township CFO had limited time resources and the General Ledger was not a top priority.

**Effect:**

Not utilizing the General Ledger fully could possibly cause a material misstatement to occur in financial reporting.

**Recommendation:**

That the Township fully utilize the general ledger to record all transactions and entries and that the general ledger be properly closed at year-end.

**Finding #2013-2: \*\*\***

The Rental Inspection Cash Receipts Book was incomplete.

**Criteria:**

The Rental Inspection Cash Receipts Book is the record of original entry should and should be maintained accurately on a timely basis.

**Condition:**

The Cash Receipts Book was incomplete.

**Context:**

The book was not up to date.

**Cause:**

Unknown.

**Effect:**

The Rental Inspection Cash Receipts Book was incomplete and therefor unable to act as a compensating internal control over Rental Inspection Cash Receipts. The CFO did maintain an analysis of the Bank Account activity, but without the Cash Receipts Book there was no record for the CFO to compare to.

**Recommendation:**

That the Rental Inspection Cash Receipts book be maintained accurately and timely.



## TOWNSHIP OF FAIRFIELD

### FINDINGS AND RECOMMENDATIONS (Continued)

#### **Finding #2013-3:\*\*\***

The Township is unable to provide a complete detailed analysis of the Developer's Escrow Fund.

**Criteria:**

A detailed analysis of the individual deposits maintained in the Developer's Escrow Account should be maintained and reconciled to the cash balance on a monthly basis.

**Condition:**

The Township is unable to provide a complete detailed analysis of the Developer's Escrow Fund.

**Context:**

The Township opened a new Developer's Escrow Account in 2012, the new account is fully detailed. The balance in the old account (previous to 2012) is undetailed.

**Cause:**

Failure to properly reconcile the detailed analysis to the cash balance, for the old account.

**Effect:**

Developer's Escrow Balances could contain errors.

**Recommendation:**

That a detailed analysis of the individual balances in the "old" Developer's Escrow Account be completed and any amounts due from developers be collected.

#### **Finding #2013-4:\*\*\***

There is no reliable audit trail for Ambulance Squad Billing, Collections or Accounts Receivable.

**Criteria:**

The Township should be receiving from the Ambulance Squads, detailed monthly Billing, Collection and Accounts Receivable Reports.

**Condition:**

There is no reliable audit trail for Ambulance Squad Billing, Collections or Accounts Receivable.

**Context:**

The reports submitted to the Township from the Ambulance Squads and their third party billing companies were incomplete.

**Cause:**

The Ambulance Squads are not submitting the required documentation to the Township.

**Effect:**

The Township is unable to determine if the proper amount of Revenue is being remitted.

**Recommendation:**

That the Township require the Ambulance Squads to submit monthly reports that verify the Billings, Collections and Accounts Receivable that are due to the Township for Ambulance Service.

## TOWNSHIP OF FAIRFIELD

### FINDINGS AND RECOMMENDATIONS (Continued)

#### **Finding #2013-5:**

Cash Receipts from Dog Licenses for the months of January, February and March were not deposited until April.

**Criteria:**

N.J.S.A. 40A:5-15 requires that all cash receipt be deposited within 48 hours.

**Condition:**

Receipts were deposited up to 3 months late.

**Context:**

Approximately \$600 was deposited late.

**Cause:**

Unknown.

**Effect:**

Non-compliance with 40A:5-15.

**Recommendation:**

That all cash receipts be deposited within 48 hours as required by N.J.S.A 40A:5-15.

#### **Finding #2013-6:**

No records were available to verify the calculation of required Health Benefit contributions due from employees.

**Criteria:**

Chapter 78, P.L. 2011 requires contributions from municipal employees towards the cost of health benefits provided to the employee.

**Condition:**

No calculation was available for audit.

**Context:**

Total Health Benefit costs were \$40,975.69 and employees contributed approximately \$3,000.00 towards that cost.

**Cause:**

The calculation schedule was handled by the previous Township Administrator in 2012. The previous Administrator left the Township at the end of 2013 and current Township Personnel were unable to locate any documentation of the calculation.

**Effect:**

The Township is unable to document its compliance with Chapter 78, P.L. 2011.

**Recommendation:**

That the Township maintain documentation of its calculation of required Health Benefit contributions due from employees in accordance with Chapter 78, P.L. 2011.

## TOWNSHIP OF FAIRFIELD

### FINDINGS AND RECOMMENDATIONS (Continued)

#### **Finding #2013-7:**

Detailed records of Construction Code Permits and their associated Cash Receipts were unavailable for audit.

**Criteria:**

Permits issued and detail of payments for those permits should be maintained by the Township.

**Condition:**

The Cash Receipts Book and Permits Issued were not provided to us for audit.

**Context:**

Deposits to the Bank for the year totaled \$36,957.00.

**Cause:**

Unknown.

**Effect:**

Construction Code Revenue was unable to be verified. Also the funds collected are still in the Building Inspector Bank Account and should be turned over to the Current Fund.

**Recommendation:**

That detailed records of Construction Code Permits and associated Cash Receipts be maintained and available for audit and the Construction Code Proceeds be remitted to the Current Fund on a monthly basis.

#### **Finding #2013-8:**

One Grant Appropriation Line Items was overexpended.

**Criteria:**

NJSA 40A:4-87, the "Local Budget Law" requires that no expenditures be made without sufficient appropriation.

**Condition:**

One Grant Appropriation Line Items was overexpended.

**Context:**

The Overexpenditure totaled \$13,647.38.

**Cause:**

The Township spent more than the available funding for the Clean Communities Program.

**Effect:**

The Overexpenditure has been be raised in the Township's 2014 Budget.

**Recommendation:**

That Grant Expenditures not be made in excess of the available funding.

**TOWNSHIP OF FAIRFIELD**

**FINDINGS AND RECOMMENDATIONS (Continued)**

\*\*\* = Similar Finding Existed in Prior Year.

In accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Township in response to my recommendations.

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

***Ford, Scott & Associates, L.L.C.***  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

***Michael S. Garcia***  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

August 22, 2014