

TOWNSHIP OF FAIRFIELD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2014

TOWNSHIP OF FAIRFIELD
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TOWNSHIP OF FAIRFIELD

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2014

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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, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township'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, 2014 and 2013 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, 2014 and 2013, 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, 2014 and 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of 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 February 20, 2015 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

Kenneth W. Moore
Kenneth W. Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

February 20, 2015

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,312,447.96	1,055,297.65
Cash - Collector	-	1,294,667.88
Cash - Change	300.00	300.00
Total Cash	<u>2,312,747.96</u>	<u>2,350,265.53</u>
Due from State:		
Seniors and Veterans	4,018.76	-
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	533,918.51	551,544.00
Tax Title and Other Liens	431,683.31	333,221.20
Property Acquired for Taxes - at Assessed Valuation	426,250.00	426,250.00
Revenue Accounts Receivable	-	2,816.60
Interfund Receivable:		
Due from Trust Other Payroll	33,762.52	
Due from Federal & State Grant Fund	66,792.70	6,273.46
Total Receivables and Other Assets	<u>1,492,407.04</u>	<u>1,320,105.26</u>
Deferred Charges:		
Emergency Appropriation	-	90,000.00
Special Emergency Appropriation	9,564.00	57,752.00
Expenditure Without an Appropriation	36,830.09	13,647.38
Total Deferred Charges	<u>46,394.09</u>	<u>161,399.38</u>
Total Regular Fund	<u>3,855,567.85</u>	<u>3,831,770.17</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	199,100.88	302,727.41
Deferred Charge-Overexpenditure	6,966.59	-
Total Federal and State Grant Fund	<u>206,067.47</u>	<u>302,727.41</u>
Total Current Fund	<u>\$ 4,061,635.32</u>	<u>4,134,497.58</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>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 89,195.43	226,788.17
Reserve for Encumbrances	65,995.80	56,905.56
Accounts Payable		
Prepaid Taxes	98,261.45	104,792.02
Overpaid Taxes	18,054.85	44,097.80
Local School Tax Payable	439,117.99	462,701.99
Regional School Tax Payable	319,785.18	285,044.31
County Added Tax Payable	3,483.39	4,534.93
Due to State:		
Seniors and Veterans		6,645.11
Interfund Payable:		
Animal Control Fund	204.20	477.00
Capital Fund	261,694.78	231,994.78
Trust Other	11,246.06	14,723.23
	<u>1,307,039.13</u>	<u>1,438,704.90</u>
Reserve for Receivables and Other Assets	1,492,407.04	1,320,105.26
Fund Balance	<u>1,056,121.68</u>	<u>1,072,960.01</u>
Total Regular Fund	<u>3,855,567.85</u>	<u>3,831,770.17</u>
Federal and State Grant Fund:		
Unappropriated Reserves	2,898.77	3,384.48
Appropriated Reserves	136,309.11	290,419.51
Encumbrances Payable	66.89	2,649.96
Due to Current Fund	66,792.70	6,273.46
	<u>206,067.47</u>	<u>302,727.41</u>
Total Federal and State Grant Fund	<u>206,067.47</u>	<u>302,727.41</u>
Total Current Fund	<u>\$ 4,061,635.32</u>	<u>4,134,497.58</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>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance	\$ 532,000.00	506,000.00
Miscellaneous Revenue Anticipated	814,337.35	1,000,680.67
Receipts from Delinquent Taxes	455,402.78	415,163.94
Receipts from Current Taxes	6,657,506.68	6,471,572.20
Non Budget Revenue	138,033.96	321,221.69
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	199,260.62	180,288.74
Escheated Funds	17,832.67	-
Total Income	<u>8,814,374.06</u>	<u>8,894,927.24</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	618,950.00	647,390.78
Other Expenses	952,048.00	1,016,719.00
Deferred Charges & Statutory Expenditures	132,794.38	101,602.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	40,228.04	228,419.21
Capital Improvements	20,000.00	51,600.00
Debt Service	312,525.02	315,068.77
Deferred Charges	155,450.00	121,688.00
Local District School Tax	1,229,395.00	1,244,058.00
Regional District School Tax	1,527,829.00	1,458,347.00
County Tax	3,207,151.27	3,091,560.41
County Share of Added Tax	3,483.39	4,534.93
Interfund Created	94,008.96	6,273.46
Other:		
Prior Year Senior Citizens and Veterans		
Deductions Disallowed	3,750.00	3,000.00
Miscellaneous	1,599.33	-
Total Expenditures	<u>8,299,212.39</u>	<u>8,290,261.56</u>
Excess/(Deficit) in Revenue	<u>515,161.67</u>	<u>604,665.68</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>2014</u>	<u>2013</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
Total Adjustments	<u>-</u>	<u>90,000.00</u>
Statutory Excess to Fund Balance	<u>515,161.67</u>	<u>694,665.68</u>
Fund Balance January 1	<u>1,072,960.01</u>	<u>884,294.33</u>
	1,588,121.68	1,578,960.01
Decreased by:		
Utilization as Anticipated Revenue	<u>532,000.00</u>	<u>506,000.00</u>
Fund Balance December 31	\$ <u><u>1,056,121.68</u></u>	<u><u>1,072,960.01</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, 2014

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 532,000.00		532,000.00	-
Total Fund Balance Anticipated	532,000.00	-	532,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	2,250.00		4,575.00	2,325.00
Fees and Permits	100,000.00		93,510.00	(6,490.00)
Fines and Costs:				
Municipal Court	41,000.00		40,529.40	(470.60)
Interest and Costs on Taxes	50,000.00		89,951.64	39,951.64
Cell Tower Lease	17,000.00		20,331.57	3,331.57
Cable T.V. Franchise Fees	12,000.00		13,381.70	1,381.70
Total Section A: Local Revenues	222,250.00	-	262,279.31	40,029.31
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	16,598.00		16,598.00	-
Energy Receipts Tax	424,720.00		424,720.00	-
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	8,000.00		32,243.00	24,243.00
Total Section C: Uniform Construction Code Fees	8,000.00	-	32,243.00	24,243.00

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, 2014

	Anticipated		
	Budget	N.J.S. 40A:4-87	
			Realized
			Excess or (Deficit)
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	3,384.48		3,384.48
Clean Communities Program		11,621.56	11,621.56
			-
Total Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	3,384.48	11,621.56	15,006.04
			-
Section G: Other Special Items			
Uniform Fire Safety Act	-		-
Reserve for Payment of Debt Service	25,000.00		25,000.00
			-
Total Section G: Other Special Items	25,000.00	-	25,000.00
			-
Total Miscellaneous Revenues:	738,443.48	11,621.56	814,337.35
			64,272.31
Receipts from Delinquent Taxes	400,000.00		455,402.78
			55,402.78
Amount to be Raised by Taxes for Support of Municipal Budget	1,208,111.65		1,346,354.29
Local Tax for Municipal Purposes			138,242.64
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,208,111.65	-	1,346,354.29
			138,242.64
Budget Totals	2,878,555.13	11,621.56	3,148,094.42
			257,917.73
Non- Budget Revenues:			
Other Non- Budget Revenues:			138,033.96
			138,033.96
	2,878,555.13	11,621.56	3,286,128.38
			395,951.69

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, 2014**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	6,657,506.68
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	6,657,506.68
Allocated to:	
School, County and Other Taxes	<u>5,967,858.66</u>
Balance for Support of Municipal Budget Appropriations	689,648.02
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>656,706.27</u>
Amount for Support of Municipal Budget Appropriations	<u><u>1,346,354.29</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	442,963.50
Tax Title Lien Collections	<u>12,439.28</u>
Total Receipts from Delinquent Taxes	<u><u>455,402.78</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Other Licenses	-
Bank Interest	35.96
Ambulance Fees	37,200.37
JIF	8,585.00
Site Plan	900.00
Property Lists	30.00
Vital Statistics	128.70
Cash Accounts	45,482.15
Zoning Fees	990.00
Senior & Veterans Administrative Fees	1,410.00
Tax Collector	2,034.89
Uniform Fire	774.15
Sewer Charges	18,703.00
Miscellaneous	<u>21,759.74</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>138,033.96</u></u>
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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, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 79,000.00	72,000.00	70,478.68		1,521.32	-
Other Expenses	12,500.00	12,500.00	12,101.49	379.54	18.97	-
Public Relations Other Expenses	1,000.00	1,000.00	717.86	52.00	230.14	-
Mayor and Committee						
Salaries and Wages	28,100.00	28,100.00	27,274.92		825.08	-
Other Expenses	2,200.00	2,200.00	1,910.45	200.00	89.55	-
Municipal Clerk						
Salaries and Wages	40,000.00	40,000.00	39,624.83		375.17	-
Other Expenses	20,000.00	18,000.00	16,155.27	1,184.36	660.37	-
Financial Administration						
Salaries and Wages	21,000.00	24,200.00	24,071.55		128.45	-
Other Expenses	10,000.00	10,000.00	8,397.92	882.49	-	-
Miscellaneous Other Expenses						
Audit Services						
Other Expenses	31,000.00	31,000.00	31,000.00		-	-
Computerized Data Processing						
Other Expenses	2,000.00	2,000.00	608.00		1,392.00	-
Revenue Administration						
Salaries and Wages	45,000.00	50,000.00	50,000.00		-	-
Other Expenses	12,000.00	9,500.00	8,314.62	261.49	923.89	-
Assessment of Taxes						
Salaries and Wages	21,250.00	21,850.00	21,774.23		75.77	-
Other Expenses	11,500.00	11,500.00	9,489.02	2,010.98	-	(0.00)
Other Expenses	20,000.00	5,000.00	-	3,703.67	1,296.33	-
Legal Services						
Other Expenses	65,000.00	70,000.00	64,229.65	-	5,770.35	-
Other Expenses - TTL & Foreclosed Property	3,000.00	-			-	-
Engineering Services and Costs						
Other Expenses	30,000.00	39,500.00	35,734.14	362.75	3,403.11	-
LAND USE ADMINISTRATION						
Planning Board						
Other Expenses	10,000.00	16,250.00	14,482.43	475.29	1,292.28	-

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, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY FUNCTION						
School Crossing Guards	9,700.00	12,700.00	12,512.25		187.75	-
Salaries and Wages	170.00	170.00	-		170.00	-
Other Expenses						
Office of Emergency Management						
Salaries and Wages	3,400.00	3,400.00	3,346.98		53.02	-
Other Expenses	4,700.00	1,700.00	810.00	-	890.00	-
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	148,000.00	158,000.00	156,437.38		1,562.62	-
Other Expenses	20,000.00	20,000.00	18,045.77	1,136.25	817.98	-
Fire Department						
Salaries and Wages	-	-	-		-	-
Other Expenses	6,000.00	6,000.00	6,000.00		-	-
Other Expenses - Equipment	12,000.00	12,000.00	7,652.87		4,347.13	-
Municipal Prosecutor						
Other Expenses	15,000.00	15,000.00	13,750.00	1,250.00	-	-
PUBLIC WORKS						
Streets and Roads Maintenance						
Salaries and Wages	95,000.00	100,000.00	99,644.22		355.78	-
Other Expenses	58,000.00	58,000.00	45,755.93	3,586.28	8,657.79	-
Buildings and Grounds						
Other Expenses	41,500.00	41,500.00	37,770.59	2,689.73	1,039.68	-
Convenience Center						
Salaries and Wages	9,000.00	9,100.00	9,084.50		15.50	-
Other Expenses	92,000.00	82,000.00	76,730.48	2,695.30	2,574.22	-
HEALTH AND HUMAN SERVICE						
Environmental Commission						
Other Expenses	3,500.00	2,500.00	2,084.00	21.84	394.16	-
Animal Control						
Other Expenses	18,500.00	14,500.00	11,717.82	1,510.00	1,272.18	-

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, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
RECREATION						
Senior Citizen Center	19,500.00	20,000.00	19,766.14		233.86	-
Salaries and Wages						
Other Expenses	2,200.00	2,200.00	1,522.17		677.83	-
Recreation Services and Programs						
Other Expenses	7,000.00	3,000.00	2,268.87	-	731.13	-
Parks and Playgrounds						
Other Expenses	1,500.00	9,000.00	8,849.88		150.12	-
MUNICIPAL COURT						
Municipal Court Administration						
Salaries and Wages	46,500.00	36,600.00	36,161.96		438.04	-
Other Expenses	11,000.00	8,750.00	2,437.78	180.00	6,132.22	-
Public Defender						
Other Expenses	5,000.00	5,000.00	1,025.00	-	3,975.00	-
INSURANCE						
Other	42,000.00	42,000.00	42,000.00		-	-
Employee Group Insurance	53,778.00	43,778.00	36,399.83	7,091.71	286.46	-
Worker's Compensation	74,000.00	81,000.00	79,996.00	323.44	680.56	-
SEWER UTILITY						
Other Expenses						
Maintenance	8,000.00	8,000.00	7,663.59	275.00	61.41	-
Treatment	11,000.00	9,000.00	8,700.42		299.58	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	40,000.00	23,000.00	22,765.25	-	234.75	-
Other Expenses	3,000.00	30,000.00	29,689.17	-	310.83	-
Code Enforcement						
Salaries and Wages	20,000.00	20,000.00	19,925.75		74.25	-

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, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNCLASSIFIED						
Electric	36,000.00	36,000.00	33,669.74	1,834.75	495.51	-
Telephone	7,000.00	10,000.00	7,904.77	518.27	1,576.96	-
Gasoline	39,000.00	31,000.00	25,025.79	3,557.25	2,416.96	-
Natural Gas	10,000.00	10,000.00	7,907.67	1,639.51	452.82	-
Street Lighting	47,000.00	47,000.00	41,695.73	4,873.90	430.37	-
Heating Oil	4,500.00	2,500.00	1,835.19		664.81	-
Economic Development	2,000.00	2,000.00	900.00		1,100.00	-
Salary Adjustments		-	-	-	-	-
TOTAL OPERATIONS WITHIN "CAPS"	1,580,998.00	1,570,998.00	1,465,818.55	42,695.80	62,483.65	(0.00)
Contingent						-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,580,998.00	1,570,998.00	1,465,818.55	42,695.80	62,483.65	(0.00)
Detail:						
Salaries and Wages	625,450.00	618,950.00	612,868.64	-	6,081.36	-
Other Expenses	955,548.00	952,048.00	852,949.91	42,695.80	56,402.29	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Emergency Authorizations	37,438.00	37,438.00	37,438.00		-	-
Overexpenditure of Grant	13,647.38	13,647.38	13,647.38		-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	26,709.00	26,709.00	23,986.00		2,723.00	-
Social Security System (O.A.S.I.)	45,000.00	45,000.00	41,711.22	-	3,288.78	-
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	132,794.38	132,794.38	126,782.60	-	6,011.78	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,713,792.38	1,703,792.38	1,592,601.15	42,695.80	68,495.43	(0.00)

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended		(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Unexpended Balance Cancelled
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Employee Group Health	1,222.00	1,222.00	1,222.00	-	-
Emergency Service Volunteer Length of Service Award Program	14,000.00	24,000.00	-	23,300.00	-
	<u>15,222.00</u>	<u>25,222.00</u>	<u>1,222.00</u>	<u>23,300.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues					
Clean Communities Program	-	11,621.56	11,621.56	-	-
Recycling Tonnage Grant	3,384.48	3,384.48	3,384.48	-	-
	<u>3,384.48</u>	<u>15,006.04</u>	<u>15,006.04</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues					
	<u>18,606.48</u>	<u>40,228.04</u>	<u>16,228.04</u>	<u>23,300.00</u>	<u>-</u>
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	18,606.48	40,228.04	16,228.04	23,300.00	-
(C) Capital Improvements					
Capital Improvement Fund	-	-	-	-	-
Demolition of Township Owned Property	20,000.00	20,000.00	-	20,000.00	-
	<u>20,000.00</u>	<u>20,000.00</u>	<u>-</u>	<u>20,000.00</u>	<u>-</u>
Total Capital Improvements					
	<u>180,000.00</u>	<u>180,000.00</u>	<u>180,000.00</u>	<u>-</u>	<u>-</u>
(D) Debt Service					
Payment of Bond Principal	134,000.00	134,000.00	132,525.02	-	1,474.98
Interest on Bonds					
	<u>314,000.00</u>	<u>314,000.00</u>	<u>312,525.02</u>	<u>-</u>	<u>1,474.98</u>
Total Debt Service					

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, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Emergency Authorizations	52,562.00	52,562.00	52,562.00			-
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	17,200.00	17,200.00	17,200.00		-	-
Total Deferred Charges	<u>155,450.00</u>	<u>155,450.00</u>	<u>155,450.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>508,056.48</u>	<u>529,678.04</u>	<u>484,203.06</u>	<u>23,300.00</u>	<u>20,700.00</u>	<u>1,474.98</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>2,221,848.86</u>	<u>2,233,470.42</u>	<u>2,076,804.21</u>	<u>65,995.80</u>	<u>89,195.43</u>	<u>1,474.98</u>
(M) Reserve for Uncollected Taxes	<u>656,706.27</u>	<u>656,706.27</u>	<u>656,706.27</u>			-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,878,555.13</u>	<u>2,890,176.69</u>	<u>2,733,510.48</u>	<u>65,995.80</u>	<u>89,195.43</u>	<u>1,474.98</u>
Budget		2,878,555.13			Cancelled	1,474.98
Appropriations by 40A:4-87		11,621.56			Overexpended	(0.00)
Emergency Appropriations		-				
		<u>2,890,176.69</u>				<u>1,474.98</u>
Reserve for Uncollected Taxes		656,706.27				
Federal and State Grants		15,006.04				
Deferred Charges		206,535.38				
Due to Unemployment Trust		9,312.17				
Disbursements		1,845,950.62				
		<u>2,733,510.48</u>				<u>1,474.98</u>

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

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EXHIBIT - B
TRUST FUND

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

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 1,608.40	606.10
Due from Current Fund	204.20	477.00
	<u>1,812.60</u>	<u>1,083.10</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	253,495.30	371,910.71
Interfunds and Receivables:		
Due from Current Fund	11,246.06	14,723.23
Consortia Grant - Loans Receivable	61,034.00	61,034.00
Small Cities Loans - Receivable	136,785.00	136,785.00
	<u>462,560.36</u>	<u>584,452.94</u>
	<u>464,372.96</u>	<u>585,536.04</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	1,812.00	1,054.30
Due to State of New Jersey	0.60	28.80
	<u>1,812.60</u>	<u>1,083.10</u>
<u>OTHER TRUST FUND</u>		
Due to Current Fund	33,762.52	
Reserve for:		
Unemployment Compensation	30,565.13	31,424.13
Payroll	-	34,840.07
Sanitary Landfill	14,895.72	14,895.72
Developers Escrow	56,613.31	57,083.57
Uniform Fire Safety Fees	2,765.38	2,765.38
Tax Sale Premiums	73,400.00	145,450.00
Redemption of Tax Title Liens	15,403.24	66,283.01
Consortia Grant	8,860.06	8,860.06
Small Cities Grant	28,476.00	25,032.00
Loans Receivable:		
Consortia	61,034.00	61,034.00
Small Cities	136,785.00	136,785.00
	<u>462,560.36</u>	<u>584,452.94</u>
	<u>\$ 464,372.96</u>	<u>585,536.04</u>

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

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EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash	\$ 401.28	401.28
Deferred Charges to Future Taxation -		
Funded	2,976,000.00	3,156,000.00
Unfunded	217,123.20	271,823.20
Interfunds and Receivables		
Due from Current Fund	261,694.78	231,994.78
	<u>3,455,219.26</u>	<u>3,660,219.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	2,976,000.00	3,156,000.00
Improvement Authorizations:		
Funded	10,861.51	10,861.51
Unfunded	51,319.75	51,319.75
Reserve for Landfill Closure	11,755.00	11,755.00
Reserve for Payment of Debt	252,891.00	277,891.00
Capital Improvement Fund	152,392.00	152,392.00
Fund Balance	-	-
	<u>\$ 3,455,219.26</u>	<u>3,660,219.26</u>

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

2013	271,823.20
2014	217,123.20

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>2014</u>	<u>2013</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

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

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Land Buildings and Improvements	\$ 3,027,800.00	3,027,800.00
Machinery and Equipment	<u>2,163,906.45</u>	<u>2,139,192.00</u>
	<u>5,191,706.45</u>	<u>5,166,992.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>5,191,706.45</u>	<u>5,166,992.00</u>

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

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**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 AND 2013**

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, 2014 AND 2013**

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, 2014 AND 2013**

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. 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 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 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$656,706.27 and \$659,724.17. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$532,000.00 and \$506,000.00.

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 2014 and 2013 calendar years:

TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Legal Services and Costs		
Other Expenses	\$	15,500.00
Engineer Services and Costs		
Other Expenses	9,500.00	
Streets and Roads Maintenance		
Other Expenses		(11,000.00)
Ambulance Service		
Salaries and Wages	10,000.00	
Convenience Center		
Other Expenses	(10,000.00)	
Municipal Court		
Salaries and Wages	(9,900.00)	
Employee Group Insurance	(10,000.00)	
Construction Official		
Salaries and Wages	(17,000.00)	
Other Expenses	27,000.00	

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 2014 and 2013, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities	\$ 11,621.56	12,390.38
NJ Transportation Trust Fund Authority Act	-	188,000.00
Total	\$ <u>11,621.56</u>	<u>200,390.38</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, 2014 are \$0.00 and \$9,564.

Note 3: INVESTMENTS

As of December 31, 2014 and 2013, the municipality held no investments.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013, \$0 of the municipality's bank balance of \$2,626,008.88 and \$2,717,823.61 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, 2014 and 2013:

	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>
	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land Buildings & Improvements	3,027,800.00	-		3,027,800.00
Machinery & Equipment	2,139,192.00	24,714.45	-	2,163,906.45
	<u>\$ 5,166,992.00</u>	<u>24,714.45</u>	<u>-</u>	<u>5,191,706.45</u>

Note 6: SHORT-TERM OBLIGATIONS

Balance 12/31/13	Issued	Retired	Balance 12/31/14
None			None
Balance 12/31/12	Issued	Retired	Balance 12/31/13
None			None

As of December 31, 2014 the entity has authorized but not issued bonds in the amount of \$217,123.20.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2014 and 2013 consisted of the following:

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

	Balance 12/31/13	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ -		-	-
Utility	3,156,000.00	180,000.00	2,976,000.00	185,000.00
Total	3,156,000.00	180,000.00	2,976,000.00	185,000.00
Compensated Absences Payable	11,327.44	6,010.82	5,316.62	-
Total long-term liabilities	<u>\$ 3,167,327.44</u>	<u>186,010.82</u>	<u>2,981,316.62</u>	<u>185,000.00</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, 2014 is \$2,976,000.000.

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

	General Capital Fund	
Year	Principal	Interest
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	210,000.00	91,512.50
2019-2023	1,195,000.00	309,721.88
2024-2027	801,000.00	53,265.63
	<u>\$ 2,976,000.00</u>	<u>\$ 904,912.51</u>

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

As of December 31, 2014 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 \$132,525.02.

Note 7: LONG TERM DEBT - Continued

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 2,976,000.00	3,156,000.00	3,331,000.00
Total Issued	<u>2,976,000.00</u>	<u>3,156,000.00</u>	<u>3,331,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	217,123.20	271,823.20	345,323.20
Total Authorized But Not Issued	<u>217,123.20</u>	<u>271,823.20</u>	<u>345,323.20</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 3,193,123.20</u>	<u>3,427,823.20</u>	<u>3,676,323.20</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 0.964%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local & Regional School District Debt	\$ 5,095,000.00	5,095,000.00	-
General Debt	3,193,123.20	252,891.00	2,940,232.20
	<u>\$ 8,288,123.20</u>	<u>5,347,891.00</u>	<u>2,940,232.20</u>

Net Debt \$2,940,232.2 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$305,148,554 = 0.964%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 10,680,199.39
Net Debt	2,940,232.20
Remaining Borrowing Power	<u>\$ 7,739,967.19</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, 2014 AND 2013**

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, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2014	2015 Budget Appropriation	Balance to Succeeding
Current & Grant Fund:			
Special Emergency Appropriation	\$ 9,564.00	3,188.00	6,376.00
Expenditure without Appropriation	36,830.09	36,830.09	-
Overexpenditure of Grant Appropriation	6,966.59	6,966.59	-
	<u>53,360.68</u>	<u>46,984.68</u>	<u>6,376.00</u>

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$1,229,395.00 and \$1,244,058.00 have been raised for the 2014 and 2013 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:

	12/31/2014	12/31/2013
Balance of Tax	\$ 712,107.99	735,691.99
Deferred	272,990.00	272,990.00
Tax Payable	<u>\$ 439,117.99</u>	<u>462,701.99</u>

Regional District School Tax in the amounts of \$1,527,829.00 and \$1,458,347.00 have been raised for the 2014 and 2013 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:

	12/31/2014	12/31/2013
Balance of Tax	\$ 807,913.18	773,172.43
Deferred	488,128.00	488,128.00
Tax Payable	<u>\$ 319,785.18</u>	<u>285,044.43</u>

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 12/31/14	Balance 12/31/13
Prepaid Taxes	\$ 98,261.45	104,792.02
Cash Liability for Taxes Collected in Advance	\$ 98,261.45	104,792.02

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 6.78% through June 30, 2014 and 6.92% 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, 2014, 2013, and 2012 were \$23,986.00, \$29,602.00 and \$48,219.00.

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$612,867.64, \$611,300.52 and \$538,232.36. Payroll covered by PERS was \$208,397.00, \$218,476.00 and \$249,307.00.

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, 2014 AND 2013**

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 PFRS, 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 $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, 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 $\frac{1}{7}^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

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

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, 2014 AND 2013**

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 \$5,316.62 in 2014 and \$11,327.44 in 2013. 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, 2014 and 2013 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	\$ 10,000.00	1,777.86		12,636.86	30,565.13
2013	-	2,015.01	11.82	-	31,424.13
2012	15,224.37	7,596.71	62.01	11,511.92	29,397.30

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, 2014 AND 2013**

Note 17: INTERFUND BALANCES

During the most current calendar year ended December 31, 2014, 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	\$ 66,792.70	
Trust Fund - Payroll	33,762.52	
Trust Fund		11,246.06
Trust - Animal Control Fund		204.20
General Capital Fund		261,694.78
Grant Fund:		
Current Fund		66,792.70
Trust Fund:		
Current - Animal Control Fund	204.20	
Current - Trust Payroll		33,762.52
Current - Trust Other	11,246.06	
General Capital Fund:		
Current Fund	261,694.78	
	<u>373,700.26</u>	<u>373,700.26</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 February 20, 2015, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

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SUPPLEMENTARY INFORMATION

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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, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated February 20, 2015, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings #2014-1 and #2014-2 to be material weaknesses.

Compliance and Other Matters

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

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

Kenneth W. Moore
Kenneth W. Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

February 20, 2015

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal or State Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor #	Grant Period	Program or Award Amount	Balance at 1/1/14	Receipts or Revenue Recognized	Disbursements/Expenditures	Canceled	Balance at 12/31/14	(Memorandum Or Cumulative Total Expenditures
Federal:									
Federal Emergency Management Agency FEMA	83.XXX	1/1/14 - 12/31/14	7,028.83	7,028.83	-	-	-	7,028.83	-
Total Federal Funds				<u>\$ 7,028.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,028.83</u>	
State:									
Passed through:									
Department of Environmental Protection		1/1/14 - 12/31/14	11,622		11,621.56	6,758.52		4,863.04	6,758.52
Clean Communities	4900-765-178920		2,736	2,735.63		2,735.63		-	2,735.63
Clean Communities	4900-765-178920		3,384		3,384.48			3,384.48	-
Recycling Tonnage Grant	4830-752-050550-50	1/1/14 - 12/31/14	98	98.03				98.03	-
Recycling Tonnage Grant	4830-752-050550-50		3,792	3,792.44				3,792.44	-
NJ Environmental Commission			5,001	5,001.25		1,908.25		3,093.00	1,908.25
Municipal Stormwater	4840-150-057500							-	-
Total Department of Environmental Protection				<u>11,627.35</u>	<u>15,006.04</u>	<u>11,402.40</u>	<u>-</u>	<u>15,230.99</u>	
Department of Public Safety			13,993	13,993.00				13,993.00	-
Alcohol Education Rehabilitation Program	9735-760-098-Y900-001								
Total Department of Public Safety				<u>13,993.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,993.00</u>	
Department of Transportation		Not available	57,205	57,204.61				57,204.61	-
Reconstruction of Flat Top Road	6320-480-601381-61	Not available	18,782	18,782.35				18,782.35	-
Reconstruction of Herring Road	6320-480-601381-61	Not available	14,983	14,983.23				14,983.23	-
Reconstruction of Coombs Road	6320-480-601381-61	Not available	2,391	2,391.10				2,391.10	-
Reconstruction of Church Street	6320-480-601381-61	Not available	160,364	160,364.00		167,330.59		(6,966.59)	160,364.00
Reconstruction of Clarks Pond Road	6320-480-601381-61								
Total Department of Transportation				<u>253,725.29</u>	<u>-</u>	<u>167,330.59</u>	<u>-</u>	<u>86,394.70</u>	
Total State Funds				<u>279,345.64</u>	<u>15,006.04</u>	<u>178,732.99</u>	<u>-</u>	<u>115,618.69</u>	
Total Federal and State Financial Assistance				<u>286,374.47</u>	<u>15,006.04</u>	<u>178,732.99</u>	<u>-</u>	<u>122,647.52</u>	

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the Township of Fairfield, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the Township's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ -	178,732.99
Expenditure per Audit Schedule A-13	<u>\$ -</u>	<u>178,732.99</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2013	\$ 1,055,297.65	-
Increased by Receipts:		
Tax Collector	8,414,433.07	
Revenue Accounts Receivable	801,675.74	
Due from State of NJ - Seniors & Vets	61,750.00	
Due from Trust Other	3,444.00	
Due to Current Fund		60,519.24
Federal and State Unappropriated		2,898.77
Federal and State Receivables		115,248.09
	<u>9,281,302.81</u>	<u>178,666.10</u>
	10,336,600.46	178,666.10
Decreased by Disbursements:		
Current Year Appropriation	1,845,950.62	
Prior Year Appropriations	84,433.11	
County Taxes	3,211,686.20	
Local District School Taxes	1,252,979.00	
Regional School Taxes	1,493,088.13	
Expenditure Without an Appropriation	36,830.09	
Due from Trust Other Payroll	33,762.52	
Due from Federal & State Grant Fund	60,519.24	
Refund of Overpaid Taxes	4,903.59	
Federal and State Disbursements		178,666.10
	<u>8,024,152.50</u>	<u>178,666.10</u>
Balance December 31, 2014	\$ <u>2,312,447.96</u>	<u>-</u>

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

Balance December 31, 2013		\$	1,294,667.88
Increased by Receipts:			
Prepaid Taxes	96,462.51		
Taxes Receivable	6,900,173.87		
Revenue Accounts Receivable	110,689.53		
Tax Title and Other Liens	12,439.28		
			<u>7,119,765.19</u>
			8,414,433.07
Payments to Treasurer			<u>8,414,433.07</u>
		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2014
				2013	2014			
Arrears	\$ 11,580.55			-	-		-	11,580.55
2012	41,877.72			-	-		-	41,877.72
2013	498,085.73		-		442,963.50	(10,784.99)	38,031.52	27,875.70
					442,963.50	(10,784.99)	38,031.52	81,333.97
2014	551,544.00	-	7,792.23	102,993.08	6,554,513.60	8,106.16	70,064.72	452,584.54
		7,180,469.87	7,792.23	102,993.08	6,997,477.10	(2,678.83)	108,096.24	533,918.51
	\$ 551,544.00	7,180,469.87	7,792.23	102,993.08	6,997,477.10	(2,678.83)	108,096.24	533,918.51
Analysis of Current Year Tax Levy								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
					7,180,469.87			
					7,792.23			
						7,188,262.10		
Tax Levy:								
General County Taxes								
County Open Space Taxes								
County Health Taxes								
County Added and Omitted Taxes								
Total County Taxes								
					3,025,345.42			
					31,122.74			
					150,683.11			
					3,483.39			
						3,210,634.66		
Local School District Tax								
Regional School District Tax								
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
					1,208,111.65			
					12,291.79			
						1,220,403.44		
						7,188,262.10		

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2013		\$	333,221.20
Increased by:			
Transfers from Taxes Receivable	108,096.24		
Interest and Costs Accrued at Tax Sale	2,805.15		
	<hr/>		<hr/>
			110,901.39
			<hr/>
			444,122.59
Decreased by:			
Canceled	5,148.83		
Collections	12,439.28		
	<hr/>		<hr/>
			12,439.28
			<hr/>
Balance December 31, 2014		\$	<u><u>431,683.31</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$	4,575.00		4,575.00	-
Fees and Permits		93,510.00		93,510.00	-
Fines and Costs:					
Municipal Court	2,816.60	37,712.80		40,529.40	-
Interest and Costs on Taxes	-	89,951.64	89,951.64		-
Cell Tower Lease		20,331.57		20,331.57	-
Cable T.V. Franchise Fees		13,381.70		13,381.70	-
Consolidated Municipal Property Tax Relief Aid		16,598.00		16,598.00	-
Energy Receipts Tax		424,720.00		424,720.00	-
Garden State Trust		38,491.00		38,491.00	-
Uniform Construction Code Fees		32,243.00		32,243.00	-
Reserve to Pay Debt Service		25,000.00		25,000.00	-
Uniform Fire Safety Act		-		-	-
Miscellaneous Revenue Not Anticipated		138,033.96	20,737.89	117,296.07	-
\$	<u>2,816.60</u>	<u>934,548.67</u>	<u>110,689.53</u>	<u>826,675.74</u>	<u>-</u>
			Cash	801,675.74	
			Due from Capital	25,000.00	
				<u>826,675.74</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages		800.00	796.80	3.20
Other Expenses	1,346.94	1,346.94	1,266.30	80.64
Mayor and Committee				
Salaries and Wages	1,077.68	277.68	-	277.68
Other Expenses	679.73	679.73	479.90	199.83
Municipal Clerk				
Other Expenses	18,511.72	18,511.72	2,157.55	16,354.17
Financial Administration				
Salaries and Wages	4,160.78	4,160.78	-	4,160.78
Other Expenses	850.70	850.70	-	850.70
Audit Services				
Other Expenses	500.00	500.00	-	500.00
Computerized Data Processing				
Other Expenses	1,000.00	1,000.00		1,000.00
Revenue Administration				
Other Expenses	2,166.65	2,166.65	964.66	1,201.99
Tax Assessment Administration				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	6,360.91	6,360.91	15.84	6,345.07
Legal Services				
Other Expenses	8,111.50	8,111.50	8,065.00	46.50
Other Expenses - TTL & Foreclosed Property	3,000.00	3,000.00		3,000.00
Engineering Services and Costs				
Other Expenses	34,698.48	34,698.48	3,465.68	31,232.80
LAND USE ADMINISTRATION				
Planning Board				
Other Expenses	15,310.51	15,310.51	300.00	15,010.51

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
PUBLIC WORKS FUNCTIONS				
School Crossing Guards				
Salaries and Wages	69.75	69.75		69.75
Other Expenses	137.50	137.50		137.50
Office of Emergency Management				
Salaries and Wages	310.48	310.48		310.48
Other Expenses	3,666.73	3,666.73	1,126.84	2,539.89
Ambulance Services				
Salaries and Wages	1,486.43	1,486.43		1,486.43
Other Expenses	1,586.38	1,586.38	1,331.30	255.08
Fire Department				
Salaries and Wages	1,384.48	1,384.48		1,384.48
Other Expenses	658.41	658.41		658.41
Municipal Prosecutor				
Salaries and Wages	-	-		-
PUBLIC WORKS FUNCTION				
Streets and Roads Maintenance				
Salaries and Wages	10,614.87	10,614.87		10,614.87
Other Expenses	10,465.47	10,465.47	5,650.23	4,815.24
Building and Grounds				
Other Expenses	4,409.98	4,409.98	1,965.21	2,444.77
Convenience Center				
Salaries and Wages	1,425.29	1,425.29		1,425.29
Other Expenses	42,830.25	42,830.25	41,779.02	1,051.23
HEALTH AND HUMAN SERVICE FUNCTIONS				
Environmental Commission				
Other Expenses	56.52	56.52		56.52
Animal Control Services				
Other Expenses	2,635.00	2,635.00	2,220.00	415.00

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
RECREATION				
Senior Citizen Center	-	-		-
Salaries and Wages	1,763.34	1,763.34		1,763.34
Other Expenses				
Recreation Services and Programs				
Other Expenses	1,567.05	1,567.05	50.96	1,516.09
Parks and Playgrounds				
Other Expenses	117.38	117.38		117.38
MUNICIPAL COURT				
Municipal Court Administration				
Salaries and Wages	1,467.74	1,467.74		1,467.74
Other Expenses	7,289.84	7,289.84	130.00	7,159.84
Public Defender				
Salaries and Wages	-	-		-
Other Expenses	3,350.00	3,350.00	825.00	2,525.00
INSURANCE				
Other				
Employee Group Insurance	-	-		-
Worker's Compensation	9,427.38	9,427.38	108.93	9,318.45
	2,271.00	2,271.00		2,271.00
SEWER UTILITY				
Other Expenses				
Maintenance	462.25	462.25	275.00	187.25
Treatment	1,098.06	1,098.06		1,098.06
UNIFORM CONSTRUCTION CODE				
Construction Official				
Salaries and Wages	3,028.75	3,028.75	1,319.63	1,709.12
Other Expenses	1,569.16	1,569.16	-	1,569.16

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
UNCLASSIFIED				
Electric	7,557.41	7,557.41	444.25	7,113.16
Telephone	1,904.93	1,904.93	687.07	1,217.86
Gasoline	10,593.03	10,593.03	4,764.92	5,828.11
Natural Gas	2,373.47	2,373.47	1,847.45	526.02
Street Lighting	2,948.21	2,948.21	209.29	2,738.92
Heating Oil	1,282.00	1,282.00	-	1,282.00
Economic Development	500.00	500.00		500.00
Salary Adjustments	4,158.97	4,158.97		4,158.97
STATUTORY EXPENDITURES				
Contributions to				
Social Security System	8,300.54	8,300.54	164.19	8,136.35
Unemployment Compensation	19,900.08	19,900.08	-	19,900.08
OPERATIONS EXCLUDED FROM "CAPS"				
Insurance				
Employee Group Health	-	-	-	-
Emergency Services Volunteer Length of Service				
Award Program (LOSAP)	1,800.00	1,800.00		1,800.00
CAPITAL IMPROVEMENTS				
Capital Improvement Fund				
Demolition of Township Owned Property	1,350.00	1,350.00		1,350.00
Water Line to Garage	2,000.00	2,000.00		2,000.00
Fuel Tank Retention Center	5,600.00	5,600.00	2,022.09	3,577.91
\$	283,693.73	283,693.73	84,433.11	199,260.62

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2013			
School Tax Payable	\$	462,701.99	
School Tax Deferred		<u>272,990.00</u>	
			\$ 735,691.99
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>1,229,395.00</u>
			1,965,086.99
Decreased by:			
Payments			<u>1,252,979.00</u>
Balance December 31, 2014			
School Tax Payable		439,117.99	
School Tax Deferred		<u>272,990.00</u>	
			<u>712,107.99</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,252,979.00
Tax Payable Ending			<u>439,117.99</u>
			1,692,096.99
Less: Tax Payable Beginning			<u>462,701.99</u>
Amount charged to Current Year Operations			<u>\$ 1,229,395.00</u>

CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance December 31, 2013			
School Tax Payable	\$	285,044.31	
School Tax Deferred		<u>488,128.00</u>	
			\$ 773,172.31
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>1,527,829.00</u>
			2,301,001.31
Decreased by:			
Payments			<u>1,493,088.13</u>
Balance December 31, 2014			
School Tax Payable		319,785.18	
School Tax Deferred		<u>488,128.00</u>	
			<u>807,913.18</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,493,088.13
Tax Payable Ending			<u>319,785.18</u>
			1,812,873.31
Less: Tax Payable Beginning			<u>285,044.31</u>
Amount charged to Current Year Operations			<u>\$ 1,527,829.00</u>

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

Purpose	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Balance Dec. 31, 2014
FEDERAL GRANTS:				
None	\$ -			-
Total Federal	-	-	-	-
STATE GRANTS:				
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	27,267.73		-	27,267.73
NJ Department of Transportation - Clarks Pond Road	188,000.00	-	103,626.53	84,373.47
Clean Communities	-	11,621.56	11,621.56	-
Recycling Tonnage		3,384.48	3,384.48	
Total State	302,727.41	11,621.56	118,632.57	199,100.88
	<u>\$ 302,727.41</u>	<u>11,621.56</u>	<u>118,632.57</u>	<u>199,100.88</u>
		Cash	115,248.09	
		Unappropriated Reserves	3,384.48	
			<u>118,632.57</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2013		2014	Disbursed	Overexpenditure	Balance Dec. 31, 2014
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
FEMA	\$ 7,028.83	-	-	-	-	7,028.83
Total Federal	7,028.83	-	-	-	-	7,028.83
STATE GRANTS:						
Recycling Tonnage	98.03		3,384.48			3,482.51
NJ Environmental Commission	3,792.44			-		3,792.44
Clean Communities	85.67	2,649.96	11,621.56	9,494.15		4,863.04
Municipal Stormwater	5,001.25			1,908.25		3,093.00
Alcohol Education Rehabilitation Program	13,993.00	-		-		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	14,983.23	-		-		14,983.23
NJ Department of Transportation - Church Street	2,391.10			-		2,391.10
NJ Department of Transportation - Clarks Pond Road	160,364.00		-	167,330.59	(6,966.59)	0.00
Total State	283,390.68	2,649.96	15,006.04	178,732.99	(6,966.59)	129,280.28
	290,419.51	2,649.96	15,006.04	178,732.99	(6,966.59)	136,309.11

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	Balance Dec. 31, 2013	Transferred To 2014 Appropriations	Received	Balance Dec. 31, 2014
FEDERAL GRANTS:				
	\$ -	-		-
Total Federal				
	-	-	-	-
STATE GRANTS:				
Recycling Tonnage Grant	3,384.48	3,384.48	2,898.77	2,898.77
Total State	3,384.48	3,384.48	2,898.77	2,898.77
	\$ 3,384.48	3,384.48	2,898.77	2,898.77

TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER

Balance December 31, 2013		\$	606.10
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	1,038.00		
Due to State of NJ	273.60		
Interest on Investments	-		
	<hr/>		<hr/>
			1,311.60
			<hr/>
			1,917.70
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	7.50		
Due to State of New Jersey	301.80		
	<hr/>		<hr/>
			309.30
			<hr/>
Balance December 31, 2014		\$	<u><u>1,608.40</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2013		\$	371,910.71
Increased by:			
Cash Receipts for:			
Current Fund Interfund	-		
Other Reserves:			
Interest on Investments	-		
Other Receipts	934,269.71		
			<u>934,269.71</u>
			1,306,180.42
Decreased by:			
Cash Disbursed for:			
Current Fund Interfund	-		
Other Reserves	1,049,241.12		
			<u>1,049,241.12</u>
Balance December 31, 2014		\$	<u><u>256,939.30</u></u>

TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2013		\$	1,054.30
Increased by:			
Dog License - Cash Receipts	1,038.00		
Interest on Investments	-		
	<hr/>		<hr/>
			1,038.00
			2,092.30
Decreased by:			
Excess	272.80		
Cash Disbursed	7.50		
	<hr/>		<hr/>
			280.30
Balance December 31, 2014		\$	<u><u>1,812.00</u></u>

Fees Collected	2013	615.00	
	2012	<u>1,197.00</u>	
		<u><u>1,812.00</u></u>	

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

Balance December 31, 2013		\$	28.80
Increased by:			
Cash Receipts	273.60		
	<hr/>		<hr/>
			273.60
			302.40
Decreased by:			
Cash Disbursed	301.80		
	<hr/>		<hr/>
			301.80
Balance December 31, 2014		\$	<u><u>0.60</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2013	Interest on Investments	Cash Receipts	Due To/From Current	Cash Disbursed	Balance Dec. 31, 2014
Unemployment Compensation	\$ 31,424.13	-	866.36	10,911.50	12,636.86	30,565.13
Payroll	34,840.07		679,446.29	(33,762.52)	680,523.84	-
Sanitary Landfill Escrow	14,895.72	-				14,895.72
Developers Escrow	57,083.57	-	8,053.45	-	8,523.71	56,613.31
Uniform Fire Safety	2,765.38	-			-	2,765.38
Tax Title Lien Redemptions	66,283.01	-	242,459.61	(14,395.97)	278,943.41	15,403.24
Tax Sale Premiums	145,450.00	-		(3,436.70)	68,613.30	73,400.00
Consortia Grant	8,860.06	-				8,860.06
Small Cities	25,032.00			3,444.00		28,476.00
	\$ 386,633.94	-	930,825.71	(37,239.69)	1,049,241.12	230,978.84

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

Balance December 31, 2013		\$	401.28
Increased by:			
Due from Current Fund	-		
Interest Earned on Investments	-		
Current Fund Budget Appropriations:			
Capital Improvement Fund	-		
Deferred Charges to Future Taxation Unfunded			
			-
			401.28
Decreased by:			
Improvement Authorizations	-		
Reserve for Payment of Debt Anticipated as			
Current Fund Revenue			
			-
Balance December 31, 2014		\$	<u>401.28</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2013	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2014
		Miscellaneous			From	To	
Fund Balance	\$ -						
Capital Improvement Fund	152,392.00	-					152,392.00
Due from Current Fund	(231,994.78)	-			54,700.00	25,000.00	(261,694.78)
Reserve for Debt Service	277,891.00				25,000.00		252,891.00
Reserve for Landfill Closure	11,755.00						11,755.00
<u>Improvement Authorizations:</u>							
3-2007 Beach Improvements at Seabreeze	-						-
3-2007 Site Clean Up	(90,234.20)					22,500.00	(67,734.20)
2010 Elmer Road	106.91						106.91
5-2011 Various Capital Improvements	(37,400.00)			-		15,000.00	(22,400.00)
11-2012 Various Improvements	1,243.60			-			1,243.60
14-2012 Various Improvements:							
Municipal Building Road	(18,669.25)			-		5,000.00	(13,669.25)
Refurbishing of Ambulance	(74,200.00)			-		7,200.00	(67,000.00)
Municipal Building Generator	9,511.00					5,000.00	14,511.00
	<u>401.28</u>	<u>-</u>		<u>-</u>	<u>79,700.00</u>	<u>79,700.00</u>	<u>401.28</u>
\$							

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

Balance December 31, 2013		\$	152,392.00
Increased by:			
Budget Appropriation	-		
			-
			152,392.00
Decreased by:			
None			
			-
Balance December 31, 2014		\$	152,392.00

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

Balance December 31, 2013		\$	3,156,000.00
Increased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
			3,156,000.00
Decreased by:			
Serial Bonds Paid			
	180,000.00		
	<hr/>		<hr/>
			180,000.00
			<hr/>
Balance December 31, 2014		\$	<u><u>2,976,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2013	Raised in 2014 Budget	Balance Dec. 31, 2014	Analysis of Balance		
					Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
3-2007	Beach Improvements at Seabreeze	\$ 90,234.20	22,500.00	67,734.20	-	67,734.20	-
3-2007	Site Clean Up	-	-	-	-	-	-
5-2011	Various Capital Improvements	37,400.00	15,000.00	22,400.00	-	22,400.00	-
14-2012	Various Capital Improvements:						
	Municipal Building Roof	31,000.00	5,000.00	26,000.00	-	13,669.25	12,330.75
	Refurbishing of Ambulance	74,200.00	7,200.00	67,000.00	-	67,000.00	-
	Municipal Building Generator	38,989.00	5,000.00	33,989.00	-	-	38,989.00
		<u>\$ 271,823.20</u>	<u>54,700.00</u>	<u>217,123.20</u>	<u>-</u>	<u>170,803.45</u>	<u>51,319.75</u>
					Improvement Authorizations Unful		51,319.75
					Less:		
					Unexpended Proceeds of Bond		
					Anticipation Notes Issued:		
					Ord. Number		
							-
							<u>\$ 51,319.75</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded		Funded	Unfunded
2010	Elmer Road	2007	15,000	\$ 106.91			106.91	
5-2011	Various Capital Improvements	2011	96,500		-	-		-
11-2012	Various Improvements	7/10/2012	57,346	1,243.60		-	1,243.60	
14-2012	Various Improvements:							
	Municipal Building Roof	11/13/2012	42,389	-	12,330.75	-		12,330.75
	Refurbishing of Ambulance	11/13/2012	97,800	-	-	-		-
	Municipal Building Generator	11/13/2012	50,000	9,511.00	38,989.00		9,511.00	38,989.00
				<u>10,861.51</u>	<u>51,319.75</u>	<u>-</u>	<u>10,861.51</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		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Outstanding December 31, 2014 Amount				
Various General Improvements	12/15/2006	4,131,000	12/15/2015	185,000.00	4.250%	\$ 3,156,000.00	180,000.00	2,976,000.00
			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%			
						\$ 3,156,000.00	180,000.00	2,976,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Other	Balance Dec. 31, 2014
3-2007	Beach Improvements at Seabreeze	\$ 90,234.20		22,500.00	67,734.20
3-2007	Site Clean Up	-		-	-
5-2011	Various Capital Improvements	37,400.00		15,000.00	22,400.00
14-2012	Various Capital Improvements:				
	Municipal Building Roof	31,000.00		5,000.00	26,000.00
	Refurbishing of Ambulance	74,200.00		7,200.00	67,000.00
	Municipal Building Generator	38,989.00		5,000.00	33,989.00
		<u>\$ 271,823.20</u>	<u>-</u>	<u>54,700.00</u>	<u>217,123.20</u>

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TOWNSHIP OF FAIRFIELD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2014

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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:

Drainage Improvements

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 2014.

This Resolution shall take effect January 1, 2014.

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 31st of the last three years:

<u>Year</u>	<u>Number</u>
2014	102
2013	82
2012	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 2014 and 2015 Taxes	5
Delinquent Taxes	10
Municipal Court	5
Total	<u>20</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 numerous deposit tickets were missing and therefore testing the 48 hour rule was not possible.

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>
2014	\$ 7,188,262.10	6,657,506.68	92.62%
2013	7,023,203.77	6,471,572.20	92.15%
2012	6,700,021.91	6,306,457.22	94.13%

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 2.275	2.212	2.203
Apportionment of Tax Rate:			
Municipal	0.383	0.383	0.384
County	1.017	0.976	0.965
Regional School	0.485	0.460	0.470
Local School	0.390	0.393	0.384

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>
2014	\$ 426,534.48	533,918.51	960,452.99	13.36%
2013	333,221.20	551,544.00	884,765.20	12.60%
2012	313,698.08	488,676.87	802,374.95	11.98%

FINDINGS AND RECOMMENDATIONS

Finding #2014-1:

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 activity for all funds maintained by the Township.

Cause:

The Township employed three individuals in the CFO position during the current year.

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 #2014-2:

Criteria:

The receipts must be properly identified to ensure proper revenue recognition in the financial statements as well as for budgeting purposes.

Condition:

The revenue sources were not recorded in the general ledger or the revenue reports maintained in Edmunds.

Cause:

Receipt records could not be located for several months of the year.

Effect:

The revenues from the current year are utilized to prepare the subsequent year's budget. Without proper revenue recognition, the budget may not accurately reflect the .

Recommendation:

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

Finding #2014-3:

Criteria:

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

Condition:

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

Cause:

The calculation schedule was handled by the previous Township Administrator. 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.

Finding #2014-4:

Criteria:

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

Condition:

One grant appropriation line item was overexpended and there were expenditures without appropriations in the current fund.

Cause:

The Township spent more than the available funding for the Department of Transportation Grant, and funds were expended in the Current Fund in anticipation of an emergency being approved, however, the Council never approved the emergency.

Effect:

These expenditures must be raised in the Township's 2015 Budget.

Recommendation:

That expenditures not be made in excess of the available funding.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-1: **

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.

This finding was not cleared in 2014.

Management Response: A new CFO has been hired and will maintain the general ledger as required.

Finding 2013-2: **

Recommendation: The rental inspection cash receipts book should be maintained accurately.

This finding was not cleared in 2014.

Management Response: A new CFO has been hired who will properly maintain the revenue records.

Finding 2013-3:

Recommendation: That a detailed analysis of individual balances in developers' escrow account be completed be completed and any amounts due from developers be collected.

This finding was cleared in 2014.

Finding 2013-4:

Recommendation: The Township require the ambulance squads to submit monthly reports that verify the billings, collections and accounts receivable.

This finding was partially cleared in 2014.

Finding 2013-5: **

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

This finding was not cleared in 2014.

Management Response: All receipts will be deposited within 48 hours as required.

Finding 2013-6: **

Recommendation: The Township should maintain documentation of its calculation of Health Benefit contributions required to be withheld from employees.

This finding was not cleared in 2014.

Management Response: Calculations will be made in accordance with Chapter 78, P.L. 2011 and supporting documentation will be maintained.

Finding 2013-7:

Recommendation: Detailed records of construction code permits and receipts be properly maintained.

This finding was cleared in 2014.

Finding 2013-8: **

Recommendation: Grant expenditures should not exceed available funding.

This finding was not cleared in 2014.

Management Response: No expenditures will be made without proper funding available.

** A similar finding was made in 2014.

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

February 20, 2015