

TOWNSHIP OF FAIRFIELD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2015

TOWNSHIP OF FAIRFIELD
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	<u>PART I</u>	
	Independent Auditor's Report	1 - 3
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 10
A - 3	Statement of Expenditures - Regulatory Basis	11 - 16
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	17
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	18
C - 1	Statement of Fund Balance - Regulatory Basis	19
	<u>GENERAL FIXED ASSET ACCOUNT GROUP</u>	
D	Comparative Balance Sheet - Regulatory Basis	20
	NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS	21 - 36
	<u>SUPPLEMENTARY INFORMATION</u>	
	Independent Auditor's 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	37 - 38

TOWNSHIP OF FAIRFIELD
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	<u>CURRENT FUND</u>	
A - 4	Schedule of Cash - Treasurer	39
A - 5	Schedule of Cash - Collector	40
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	41
A - 7	Schedule of Tax Title Liens	42
A - 8	Schedule of Revenue Accounts Receivable	43
A - 9	Schedule of Appropriation Reserves - Prior Year	44-47
A - 10	Schedules of School Tax	48-49
A - 11	Schedule of Federal and State Grants Receivable	50
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	51
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	52
	<u>TRUST FUND</u>	
B - 1	Schedule of Dog Trust Cash - Treasurer	53
B - 2	Schedule of Other Trust Cash - Treasurer	54
B - 3	Schedule of Reserve for Animal Control Expenditures	55
B - 4	Schedule of Due to State of New Jersey	56
B - 5	Schedule of Other Reserves	57
	<u>GENERAL CAPITAL FUND</u>	
C - 2	Schedule of Cash - Treasurer	58
C - 3	Analysis of Cash	59
C - 4	Schedule of Capital Improvement Fund	60
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	61
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	62
C - 7	Schedule of Improvement Authorizations	63
C - 8	Schedule of Serial Bonds Payable	64
C - 9	Schedule of Bond Anticipation Notes	n/a
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	65
	<u>PART II</u>	
	General Comments	66-68
	Findings and Recommendations	69
	Status of Prior Year Findings	69

TOWNSHIP OF FAIRFIELD

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2015

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township'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, 2015 and 2014 or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2015 and 2014, 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, 2015 and 2014 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 June 3, 2016 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**

Nancy Sbrolla

**Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542**

June 3, 2016

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EXHIBIT - A
CURRENT FUND

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,412,205.78	2,312,447.96
Cash - Change	300.00	300.00
Total Cash	<u>2,412,505.78</u>	<u>2,312,747.96</u>
Due from State:		
Seniors and Veterans	-	4,018.76
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	524,181.27	533,918.51
Tax Title and Other Liens	702,545.13	593,967.92
Property Acquired for Taxes - at Assessed Valuation	426,250.00	426,250.00
Interfund Receivable:		
Due from Dog Trust	1,110.15	
Due from Trust Other Payroll	-	33,762.52
Due from Federal & State Grant Fund	5,284.38	66,792.70
Total Receivables and Other Assets	<u>1,659,370.93</u>	<u>1,654,691.65</u>
Deferred Charges:		
Special Emergency Appropriation	6,376.00	9,564.00
Expenditure Without an Appropriation	-	36,830.09
Total Deferred Charges	<u>6,376.00</u>	<u>46,394.09</u>
Total Regular Fund	<u>4,078,252.71</u>	<u>4,017,852.46</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	222,925.82	199,100.88
Deferred Charge-Overexpenditure	1,125.77	6,966.59
Total Federal and State Grant Fund	<u>224,051.59</u>	<u>206,067.47</u>
Total Current Fund	<u>\$ 4,302,304.30</u>	<u>4,223,919.93</u>

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 223,850.10	89,195.43
Reserve for Encumbrances	7,796.40	65,995.80
Accounts Payable		
Prepaid Taxes	97,376.96	98,261.45
Overpaid Taxes	2,370.50	18,054.85
Local School Tax Payable	454,199.99	439,117.99
Regional School Tax Payable	260,861.68	319,785.18
County Added Tax Payable	3,196.99	3,483.39
Due to State:		
Seniors and Veterans	41.24	-
Interfund Payable:		
Animal Control Fund	-	204.20
Capital Fund	291,394.78	261,694.78
Trust Other	29,933.88	11,246.06
	<u>1,371,022.52</u>	<u>1,307,039.13</u>
Reserve for Receivables and Other Assets	1,659,370.93	1,654,691.65
Fund Balance	<u>1,047,859.26</u>	<u>1,056,121.68</u>
Total Regular Fund	<u>4,078,252.71</u>	<u>4,017,852.46</u>
Federal and State Grant Fund:		
Unappropriated Reserves	14,120.89	2,898.77
Appropriated Reserves	204,105.84	136,309.11
Encumbrances Payable	540.48	66.89
Due to Current Fund	5,284.38	66,792.70
	<u>224,051.59</u>	<u>206,067.47</u>
Total Federal and State Grant Fund	<u>224,051.59</u>	<u>206,067.47</u>
Total Current Fund	<u>\$ 4,302,304.30</u>	<u>4,223,919.93</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,**

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 500,000.00	532,000.00
Miscellaneous Revenue Anticipated	921,367.71	814,337.35
Receipts from Delinquent Taxes	408,166.71	455,402.78
Receipts from Current Taxes	6,685,948.07	6,657,506.68
Non Budget Revenue	192,386.61	138,033.96
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	64,435.71	199,260.62
Interfunds Returned	85,987.39	-
Escheated Funds	-	17,832.67
Total Income	<u>8,858,292.20</u>	<u>8,814,374.06</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	607,467.00	618,950.00
Other Expenses	1,054,423.00	952,048.00
Deferred Charges & Statutory Expenditures	177,868.19	132,794.38
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	157,928.77	40,228.04
Capital Improvements	20,000.00	20,000.00
Debt Service	309,768.77	312,525.02
Deferred Charges	57,888.00	155,450.00
Local District School Tax	1,259,555.00	1,229,395.00
Regional District School Tax	1,486,898.00	1,527,829.00
County Tax	3,233,058.45	3,207,151.27
County Share of Added Tax	1,699.44	3,483.39
Interfund Created	-	94,008.96
Other:		
Prior Year Senior Citizens and Veterans		
Deductions Disallowed	-	3,750.00
Miscellaneous	-	1,599.33
Total Expenditures	<u>8,366,554.62</u>	<u>8,299,212.39</u>
Excess/(Deficit) in Revenue	<u>491,737.58</u>	<u>515,161.67</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>2015</u>	<u>2014</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>491,737.58</u>	<u>515,161.67</u>
Fund Balance January 1	<u>1,056,121.68</u>	<u>1,072,960.01</u>
	1,547,859.26	1,588,121.68
Decreased by:		
Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>532,000.00</u>
Fund Balance December 31	<u>\$ 1,047,859.26</u>	<u>1,056,121.68</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, 2015**

	Anticipated		
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 500,000.00		Realized
			Excess or (Deficit)
Total Fund Balance Anticipated	500,000.00	-	500,000.00
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	3,250.00		2,250.00
Fees and Permits	92,500.00		107,390.00
Fines and Costs:			
Municipal Court	40,000.00		24,620.07
Interest and Costs on Taxes	65,000.00		68,732.24
Cell Tower Lease	20,000.00		20,941.56
Cable T.V. Franchise Fees	12,000.00		13,124.07
Total Section A: Local Revenues	232,750.00	-	237,057.94
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	25,000.00		51,602.00
Total Section C: Uniform Construction Code Fees	25,000.00	-	51,602.00
			26,602.00
			26,602.00

9

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, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections		6,685,948.07
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Less: Reserve for Tax Appeals Pending		-
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Net Revenue from Collections		6,685,948.07
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Allocated to:

School, County and Other Taxes		5,981,210.89
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Balance for Support of Municipal Budget Appropriations		704,737.18
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		646,436.35
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Amount for Support of Municipal Budget Appropriations		1,351,173.53
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		394,114.64
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Tax Title Lien Collections		14,052.07
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Total Receipts from Delinquent Taxes		408,166.71
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Other Licenses		1,672.00
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Bank Interest		7.42
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Ambulance Fees		100,331.64
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Property Lists		50.00
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Tax Collector		10.00
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Refunds		2,793.51
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Sewer Charges		12,663.06
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Miscellaneous		74,858.98
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Total Miscellaneous Revenue Not Anticipated:		192,386.61
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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, 2015

	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	\$ 70,500.00	66,067.00	66,066.95		0.05	-
Other Expenses	13,000.00	13,000.00	7,906.12		5,093.88	-
Public Relations Other Expenses	1,000.00	1,000.00	326.95		673.05	-
Mayor and Committee						
Salaries and Wages	28,500.00	28,500.00	27,623.09		876.91	-
Other Expenses	2,200.00	2,200.00	616.01		1,583.99	-
Municipal Clerk						
Salaries and Wages	54,000.00	54,000.00	53,831.49		168.51	-
Other Expenses	20,000.00	20,000.00	16,612.44	47.44	3,340.12	-
Financial Administration						
Salaries and Wages	28,500.00	28,500.00	28,336.42		163.58	-
Other Expenses					-	-
Miscellaneous Other Expenses	10,000.00	10,000.00	7,937.74	800.00	1,262.26	-
Audit Services						
Other Expenses	32,500.00	32,500.00	32,500.00		-	-
Computerized Data Processing						
Other Expenses	2,000.00	2,000.00	-		2,000.00	-
Revenue Administration						
Salaries and Wages	51,000.00	51,000.00	50,601.08		398.92	-
Other Expenses	12,000.00	12,000.00	7,304.97		4,695.03	-
Assessment of Taxes						
Salaries and Wages	21,600.00	21,600.00	21,421.10		178.90	-
Other Expenses	15,000.00	15,000.00	8,700.08		6,299.92	-
Other Expenses	15,000.00	-			-	-
Legal Services						
Other Expenses	75,000.00	75,000.00	44,807.67	500.00	29,692.33	-
Other Expenses - TTL & Foreclosed Property	3,000.00	3,000.00	-		3,000.00	-
Engineering Services and Costs						
Other Expenses	30,000.00	40,000.00	31,461.13		8,538.87	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	13,500.00	15,500.00	15,313.79		186.21	-
Other Expenses	16,000.00	16,000.00	10,074.67		5,925.33	-
Zoning						
Salaries and Wages	12,500.00	14,000.00	13,536.55		463.45	-
Other Expenses	3,000.00	3,000.00	2,108.10		891.90	-

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, 2015

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved		
PUBLIC SAFETY FUNCTION							
School Crossing Guards	13,000.00	13,000.00	9,752.00		3,248.00	-	
Salaries and Wages	170.00	170.00			170.00	-	
Other Expenses							
Office of Emergency Management							
Salaries and Wages	3,400.00	3,400.00	2,865.87		534.13	-	
Other Expenses	2,000.00	2,000.00	1,357.48	380.91	261.61	-	
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	158,000.00	158,000.00	152,464.61		5,535.39	-	
Other Expenses	20,000.00	20,000.00	15,642.89	3,824.00	533.11	-	
Fire Department							
Salaries and Wages	7,000.00	-	1,315.50	206.00	-	-	
Other Expenses		-			-	-	
Other Expenses - Equipment							
Municipal Prosecutor							
Other Expenses	15,000.00	8,600.00	3,068.00		5,532.00	-	
PUBLIC WORKS							
Streets and Roads Maintenance							
Salaries and Wages	108,500.00	120,500.00	119,096.10		1,403.90	-	
Other Expenses	58,000.00	58,000.00	39,597.49	1,062.49	17,340.02	-	
Buildings and Grounds							
Other Expenses	41,500.00	41,500.00	32,269.88	16.39	9,213.73	-	
Convenience Center							
Salaries and Wages	9,400.00	9,400.00	7,756.10		1,643.90	-	
Other Expenses	92,000.00	85,433.00	80,819.14		4,613.86	-	
HEALTH AND HUMAN SERVICE							
Environmental Commission							
Other Expenses	3,000.00	3,000.00	500.00		2,500.00	-	
Animal Control							
Other Expenses	18,500.00	18,500.00	13,605.00	800.00	4,095.00	-	

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
RECREATION						
Senior Citizen Center	20,000.00	20,000.00	19,342.29		657.71	-
Salaries and Wages	2,200.00	2,200.00	691.49		1,508.51	-
Other Expenses						
Recreation Services and Programs	7,000.00	7,000.00	2,387.41		4,612.59	-
Other Expenses						
Parks and Playgrounds	2,000.00	2,000.00	-		2,000.00	-
Other Expenses						
MUNICIPAL COURT						
Municipal Court Administration						
Salaries and Wages	26,000.00	11,000.00	8,751.08		2,248.92	-
Other Expenses	31,500.00	37,800.00	37,730.84		69.16	-
Public Defender						
Other Expenses	5,000.00	5,000.00	1,100.00		3,900.00	-
INSURANCE						
Other	42,000.00	44,700.00	44,601.81		98.19	-
Employee Group Insurance	53,470.00	53,470.00	38,478.41		14,991.59	-
Worker's Compensation	78,000.00	78,000.00	78,000.00		-	-
SEWER UTILITY						
Other Expenses	8,250.00	8,250.00	5,635.69		2,614.31	-
Maintenance	11,000.00	11,200.00	11,137.49		62.51	-
Treatment						
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	43,000.00	-	39,407.46		-	-
Other Expenses		43,000.00			3,592.54	-
Code Enforcement						
Salaries and Wages	12,500.00	14,500.00	14,002.53		497.47	-

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, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
UNCLASSIFIED					
Electric	37,000.00	37,000.00	25,827.02	126.51	11,046.47
Telephone	8,700.00	10,400.00	10,313.59	32.66	53.75
Gasoline	35,000.00	35,000.00	17,406.67		17,593.33
Natural Gas	11,000.00	11,000.00	7,639.32		3,360.68
Street Lighting	47,500.00	54,500.00	48,975.38		5,524.62
Heating Oil	3,500.00	3,500.00	2,225.00		1,275.00
Economic Development	2,000.00	2,000.00	-		2,000.00
Salary Adjustments	8,000.00	8,000.00			8,000.00
TOTAL OPERATIONS WITHIN "CAPS"	1,663,890.00	1,661,890.00	1,430,849.89	7,796.40	223,243.71
Contingent					-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,663,890.00	1,661,890.00	1,430,849.89	7,796.40	223,243.71
Detail:					
Salaries and Wages	638,900.00	607,467.00	581,910.71	-	25,556.29
Other Expenses	1,024,990.00	1,054,423.00	848,939.18	7,796.40	197,687.42
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
Emergency Authorizations		-			-
Overexpenditure of Grant	6,966.59	6,966.59	6,966.59		-
Expenditure Without an Appropriation	36,830.09	36,830.09	36,830.09		-
Prior Years PERS	40,000.00	40,000.00	38,709.51		1,290.49
Statutory Expenditures:					-
Contributions to:					-
Public Employees' Retirement System	28,362.00	28,362.00	28,362.00		-
Social Security System (O.A.S.I.)	45,000.00	47,000.00	46,490.81		509.19
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00		-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	177,158.68	179,158.68	177,359.00	-	509.19
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,841,048.68	1,841,048.68	1,608,208.89	7,796.40	223,752.90
					1,290.49

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Employee Group Health	1,530.00	1,530.00	1,530.00	-	-
Emergency Service Volunteer Length of Service Award Program	22,000.00	22,000.00	22,000.00	-	-
	<u>23,530.00</u>	<u>23,530.00</u>	<u>23,530.00</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues					
Recycling Tonnage Grant	2,898.77	2,898.77	2,898.77	-	-
Small Cities Grant	125,000.00	125,000.00	125,000.00	-	-
Small Cities Match	6,500.00	6,500.00	6,500.00	-	-
	<u>134,398.77</u>	<u>134,398.77</u>	<u>134,398.77</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues					
	157,928.77	157,928.77	157,928.77	-	-
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	157,928.77	157,928.77	157,928.77	-	-
(C) Capital Improvements					
Capital Improvement Fund	-	-	-	-	-
Fire Department Equipment - Turnout Gear	20,000.00	20,000.00	19,902.80	97.20	-
	<u>20,000.00</u>	<u>20,000.00</u>	<u>19,902.80</u>	<u>97.20</u>	<u>-</u>
Total Capital Improvements					
(D) Debt Service					
Payment of Bond Principal	185,000.00	185,000.00	185,000.00	-	-
Interest on Bonds	125,000.00	125,000.00	124,768.77	-	231.23
	<u>310,000.00</u>	<u>310,000.00</u>	<u>309,768.77</u>	<u>-</u>	<u>231.23</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, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(E) Deferred Charges					
Emergency Authorizations		-			-
Special Emergency Authorizations - 5 years	3,188.00	3,188.00	3,188.00	-	-
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>57,888.00</u>	<u>57,888.00</u>	<u>57,888.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>545,816.77</u>	<u>545,816.77</u>	<u>545,488.34</u>	<u>97.20</u>	<u>231.23</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>2,386,865.45</u>	<u>2,386,865.45</u>	<u>2,153,697.23</u>	<u>7,796.40</u>	<u>1,521.72</u>
(M) Reserve for Uncollected Taxes	<u>646,436.35</u>	<u>646,436.35</u>	<u>646,436.35</u>		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,033,301.80</u>	<u>3,033,301.80</u>	<u>2,800,133.58</u>	<u>223,850.10</u>	<u>1,521.72</u>
Budget		3,033,301.80		Cancelled	1,521.72
Appropriations by 40A:4-87		-		Overexpended	-
Emergency Appropriations		<u>3,033,301.80</u>			<u>1,521.72</u>
Reserve for Uncollected Taxes			646,436.35		
Federal and State Grants			134,398.77		
Deferred Charges			101,684.68		
Due to Unemployment Trust			1,917,613.78		
Disbursements			<u>2,800,133.58</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,

	2015	2014
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 2,992.95	1,608.40
Due from Current Fund	-	204.20
	<u>2,992.95</u>	<u>1,812.60</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	225,308.61	253,495.30
Interfunds and Receivables:		
Due from Current Fund	29,933.88	11,246.06
Consortia Grant - Loans Receivable	61,034.00	61,034.00
Small Cities Loans - Receivable	136,785.00	136,785.00
	<u>453,061.49</u>	<u>462,560.36</u>
	<u>456,054.44</u>	<u>464,372.96</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	1,653.00	1,812.00
Due to Current Fund	1,110.15	-
Due to State of New Jersey	229.80	0.60
	<u>2,992.95</u>	<u>1,812.60</u>
<u>OTHER TRUST FUND</u>		
Due to Current Fund	-	33,762.52
Reserve for:		
Unemployment Compensation	20,178.14	30,565.13
Payroll	-	-
Sanitary Landfill	18,746.36	14,895.72
Developers Escrow	56,613.31	56,613.31
Uniform Fire Safety Fees	2,765.38	2,765.38
Tax Sale Premiums	104,200.00	73,400.00
Redemption of Tax Title Liens	15,403.24	15,403.24
Consortia Grant	8,860.06	8,860.06
Small Cities Grant	28,476.00	28,476.00
Loans Receivable:		
Consortia	61,034.00	61,034.00
Small Cities	136,785.00	136,785.00
	<u>453,061.49</u>	<u>462,560.36</u>
	<u>\$ 456,054.44</u>	<u>464,372.96</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>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash	\$ 401.28	401.28
Deferred Charges to Future Taxation -		
Funded	2,875,000.00	2,976,000.00
Unfunded	637,423.20	217,123.20
Interfunds and Receivables		
Due from Current Fund	291,394.78	261,694.78
	<u>3,804,219.26</u>	<u>3,455,219.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	2,875,000.00	2,976,000.00
Encumbrances	470,139.00	-
Improvement Authorizations:		
Funded	20,861.51	15,861.51
Unfunded	71,180.75	46,319.75
Reserve for Landfill Closure	11,755.00	11,755.00
Reserve for Payment of Debt	227,891.00	252,891.00
Capital Improvement Fund	127,392.00	152,392.00
Fund Balance	-	-
	<u>\$ 3,804,219.26</u>	<u>3,455,219.26</u>

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

2014	217,123.20
2015	637,423.20

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>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Land Buildings and Improvements	\$ 3,027,800.00	3,027,800.00
Machinery and Equipment	<u>2,191,806.54</u>	<u>2,163,906.45</u>
	<u>5,219,606.54</u>	<u>5,191,706.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	<u>5,219,606.54</u>	<u>5,191,706.45</u>
	<u>\$ 5,219,606.54</u>	<u>5,191,706.45</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, 2015 AND 2014**

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, 2015 AND 2014**

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, 2015 AND 2014**

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, 2015 AND 2014**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Recent Accounting Pronouncements Not Yet Effective

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the City's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$653,427.27 and \$646,436.35. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$476,125.00 and \$500,000.00.

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 2015 and 2014 calendar years:

TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Assessment of Taxes		
Other Expenses	\$ (15,000.00)	
Engineer Services and Costs		
Other Expenses	10,000.00	9,500.00
Streets and Roads Maintenance		
Salaries and Wages	12,000.00	
Ambulance Service		
Salaries and Wages		10,000.00
Convenience Center		
Other Expenses		(10,000.00)
Municipal Court		
Salaries and Wages	(1,000.00)	(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 2015 and 2014, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Clean Communities	\$ -	11,621.56
Total	\$ <u>-</u>	<u>11,621.56</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 2012 for \$15,940.00 for the Master Plan. The unfunded balance as of December 31, 2015 is \$6,376.00.

Note 3: INVESTMENTS

As of December 31, 2015 and 2014, the municipality held no investments.

TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, \$0 of the municipality's bank balance of \$2,825,278.49 and \$2,626,008.88 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, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2013
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>
	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land Buildings & Improvements	3,027,800.00			3,027,800.00
Machinery & Equipment	2,163,906.45	27,900.09		2,191,806.54
	<u>\$ 5,191,706.45</u>	<u>27,900.09</u>	<u>-</u>	<u>5,219,606.54</u>

Note 6: SHORT-TERM OBLIGATIONS

Balance 12/31/14	Issued	Retired	Balance 12/31/15
None			None
Balance 12/31/13	Issued	Retired	Balance 12/31/14
None			None

As of December 31, 2015 the entity has authorized but not issued bonds in the amount of \$637,423.20.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 2,976,000.00	2,490,000.00	2,591,000.00	2,875,000.00	210,000.00
Total	<u>2,976,000.00</u>	<u>2,490,000.00</u>	<u>2,591,000.00</u>	<u>2,875,000.00</u>	<u>210,000.00</u>
Compensated Absences Payable	<u>5,316.62</u>	<u>8,869.20</u>	<u>7,381.66</u>	<u>6,804.16</u>	<u>-</u>
Total long-term liabilities	<u>\$ 2,981,316.62</u>	<u>2,498,869.20</u>	<u>2,598,381.66</u>	<u>2,881,804.16</u>	<u>210,000.00</u>

	Balance 12/31/13	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ 3,156,000.00	180,000.00	2,976,000.00	185,000.00
Total	<u>3,156,000.00</u>	<u>180,000.00</u>	<u>2,976,000.00</u>	<u>185,000.00</u>
Compensated Absences Payable	<u>11,327.44</u>	<u>6,010.82</u>	<u>5,316.62</u>	<u>-</u>
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, 2015 is \$385,000.

\$2,490,000 Refunding Bonds dated August 20, 2015, payable in annual installments through 2027. Interest is paid annually varying from 3.00% to 3.50% per annum. The balance remaining as of December 31, 2015 is \$2,490,000.

TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 7: LONG TERM DEBT - Continued

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

<u>Year</u>	<u>General Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 210,000.00	89,165.00
2017	210,000.00	84,518.75
2018	215,000.00	76,925.00
2019	225,000.00	70,325.00
2020	230,000.00	63,500.00
2021-2025	1,255,000.00	201,875.00
2026-2027	530,000.00	18,725.00
	<u>\$ 2,875,000.00</u>	<u>\$ 605,033.75</u>

As of December 31, 2015 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 \$124768.77.

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 2,875,000.00	2,976,000.00	3,156,000.00
Total Issued	<u>2,875,000.00</u>	<u>2,976,000.00</u>	<u>3,156,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	637,423.20	217,123.20	271,823.20
Total Authorized But Not Issued	<u>637,423.20</u>	<u>217,123.20</u>	<u>271,823.20</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 3,512,423.20</u>	<u>3,193,123.20</u>	<u>3,427,823.20</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	\$ 9,182,000.00	9,182,000.00	-
General Debt	3,512,423.20	227,891.00	3,284,532.20
	<u>\$ 12,694,423.20</u>	<u>9,409,891.00</u>	<u>3,284,532.20</u>

Net Debt \$3,284,532.20 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$296,394,444.67 = 1.108%.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	10,373,805.56
Net Debt		3,284,532.20
Remaining Borrowing Power	\$	<u>7,089,273.36</u>

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in the respective fund for the year ending December 31, 2016 and 2015 were as follows:

		2016	2015
Current Fund	\$	476,125.00	500,000.00

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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2015	2016 Budget Appropriation	Balance to Succeeding
Current & Grant Fund:			
Special Emergency Appropriation	\$ 6,376.00	3,188.00	3,188.00
Overexpenditure of Grant Appropriation	1,125.77	1,125.77	-
	<u>\$ 7,501.77</u>	<u>4,313.77</u>	<u>3,188.00</u>

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$1,259,555.00 and \$1,229,395.00 have been raised for the 2015 and 2014 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:

	12/31/2015	12/31/2014
Balance of Tax	\$ 727,189.99	712,107.99
Deferred	272,990.00	272,990.00
Tax Payable	<u>\$ 454,199.99</u>	<u>439,117.99</u>

Regional District School Tax in the amounts of \$1,486,898.00 and \$1,527,829.00 have been raised for the 2015 and 2014 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.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

	12/31/2015	12/31/2014
Balance of Tax	\$ 748,989.68	807,913.18
Deferred	488,128.00	488,128.00
Tax Payable	<u>\$ 260,861.68</u>	<u>319,785.18</u>

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 12/31/15	Balance 12/31/14
Prepaid Taxes	\$ 97,376.96	98,261.45
Cash Liability for Taxes Collected in Advance	<u>\$ 97,376.96</u>	<u>98,261.45</u>

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 6.92% through June 30, 2015 and 7.06% 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, 2015, 2014, and 2013 were \$28,362.00, \$23,986.00 and \$29,602.00.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$636,631.96, \$612,868.64, and \$611,300.52. Payroll covered by PERS was \$205,504.00, \$208,397.00, and \$218,476.00.

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.

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 $\frac{1}{60}$ th from $\frac{1}{55}$ 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 a $\frac{1}{7}$ 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.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 12: PENSION FUNDS - Continued

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008.

The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Municipality has a liability of \$670,099.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.00298511700%, which would be a decrease of 63.31% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$17,592.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 15,986	
Changes of assumptions	71,963	
Changes in proportion	652,587	(818,187)
Net difference between projected and actual earnings on pension plan investments		(10,774)
Total	<u>\$ 740,536</u>	<u>(828,961)</u>

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	(16,530)
2017		(16,530)
2018		(16,530)
2019		(24,813)
2020		(14,024)
Total	\$	<u>(88,425)</u>

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 808,445	670,099	\$ 554,303

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 14: 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 \$6,804.16 in 2015 and \$5,316.62 in 2014. 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 15: 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 16: 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, 2015 and 2014 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
2015	\$ 20,000.00	2,495.69		32,882.68	20,178.14
2014	10,000.00	1,777.86	-	12,636.86	30,565.13
2013	-	2,015.01	11.82	-	31,424.13

Note 17: 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, 2015 AND 2014**

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, 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	\$ 5,284.38	
Trust Fund - Animal Control Fund	1,110.15	
Trust Fund		29,933.88
General Capital Fund		291,394.78
Grant Fund:		
Current Fund		5,284.38
Trust Fund:		
Current - Animal Control Fund		1,110.15
Current - Trust Other	29,933.88	
General Capital Fund:		
Current Fund	291,394.78	
	327,723.19	327,723.19

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 19: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 3, 2016, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 3, 2016, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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**

Nancy Sbrolla

**Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542**

June 3, 2016

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2014	2,312,447.96	-
Increased by Receipts:		
Tax Collector	7,092,712.53	
Revenue Accounts Receivable	892,123.31	
Due from State of NJ - Seniors & Vets	68,659.59	
Due from Other Trust Fund	33,762.52	
Due from Federal and State Grant Fund	115,295.95	
Due to State - Marriage Licences	175.00	
Due to Current Fund		67,254.22
Federal and State Unappropriated		14,120.89
Federal and State Receivables		101,175.06
	<u>8,202,728.90</u>	<u>182,550.17</u>
	10,515,176.86	182,550.17
Decreased by Disbursements:		
Current Year Appropriation	1,917,613.78	
Prior Year Appropriations	90,755.52	
County Taxes	3,235,044.29	
Local District School Taxes	1,244,473.00	
Regional School Taxes	1,545,821.50	
Due from Trust	204.20	
Due from Federal & State Grant Fund	67,254.22	
Due to State - Marriage Licences	175.00	
Overpayments Refunded	1,629.57	
Due to Current Fund		115,295.95
Federal and State Disbursements		67,254.22
	<u>8,102,971.08</u>	<u>182,550.17</u>
Balance December 31, 2015	<u>2,412,205.78</u>	<u>-</u>

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

Balance December 31, 2014		\$	-
Increased by Receipts:			
Prepaid Taxes	97,376.96		
Taxes Receivable	6,912,551.26		
Revenue Accounts Receivable	68,732.24		
Tax Title and Other Liens	14,052.07		
	<hr/>		<hr/>
			7,092,712.53
			<hr/>
			7,092,712.53
Payments to Treasurer			<hr/>
			7,092,712.53
			<hr/>
		\$	<hr/> <hr/>
			-

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
				2014	2015			
Arrears	\$ 11,580.55					(969.82)		12,550.37
2012	41,877.72				3,777.00	25,265.78		12,834.94
2013	27,875.70		-		7,116.25	(5,337.81)		26,097.26
2014	452,584.54		-		383,221.39	9,348.24	21,604.91	38,410.00
	533,918.51	-	-	-	394,114.64	28,306.39	21,604.91	89,892.57
2014		7,258,733.21	9,680.76	98,261.45	6,587,686.62	51,153.56	97,023.64	434,288.70
		7,258,733.21	9,680.76	98,261.45	6,981,801.26	79,459.95	118,628.55	524,181.27

6,743,448.00	Cash Receipts
69,250.00	Senior Citizens and Veterans
20,317.40	Overpayments Applied
169,103.26	Homestead Rebate
<u>7,002,118.66</u>	

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax	7,258,733.21
Added Taxes (54:4-63.1 et. Seq.)	<u>9,680.76</u>
	<u>7,268,413.97</u>

Tax Levy:

General County Taxes	3,052,852.42
County Open Space Taxes	31,122.74
County Health Taxes	149,083.29
County Added and Omitted Taxes	<u>1,699.44</u>
Total County Taxes	3,234,757.89
Local School District Tax	1,259,555.00
Regional School District Tax	1,486,898.00
Local Tax for Municipal Purposes	1,277,844.03
Add: Additional Tax Levied	<u>9,359.05</u>
	<u>1,287,203.08</u>
	<u>7,268,413.97</u>

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

Balance December 31, 2014		\$	593,967.92
Increased by:			
Transfers from Taxes Receivable	118,628.55		
Interest and Costs Accrued at Tax Sale	4,000.73		
	<hr/>		<hr/>
			122,629.28
			<hr/>
			716,597.20
Decreased by:			
Canceled			
Collections	14,052.07		
	<hr/>		<hr/>
			14,052.07
			<hr/>
Balance December 31, 2015		\$	<u><u>702,545.13</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by		Balance Dec. 31, 2015
			Collector	Treasurer	
Licenses:	\$				
Alcoholic Beverages		2,250.00		2,250.00	-
Fees and Permits		107,390.00		107,390.00	-
Fines and Costs:					
Municipal Court	-	24,620.07		24,620.07	-
Interest and Costs on Taxes	-	68,732.24	68,732.24	-	-
Cell Tower Lease		20,941.56		20,941.56	-
Cable T.V. Franchise Fees		13,124.07		13,124.07	-
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		51,602.00		51,602.00	-
Reserve to Pay Debt Service		25,000.00		25,000.00	-
Miscellaneous Revenue Not Anticipated		192,386.61		192,386.61	-
	\$	985,855.55	68,732.24	917,123.31	-
			Due from Capital	892,123.31	
				25,000.00	
				917,123.31	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages	1,521.32	1,521.32	-	1,521.32
Other Expenses	398.51	398.51	379.54	18.97
Public Relations Other Expenses	282.14	282.14	52.00	230.14
Mayor and Committee				
Salaries and Wages	825.08	825.08	-	825.08
Other Expenses	289.55	289.55	200.00	89.55
Municipal Clerk				
Salaries and Wages	375.17	375.17	-	375.17
Other Expenses	1,844.73	1,844.73	1,820.73	24.00
Financial Administration				
Salaries and Wages	128.45	128.45	-	128.45
Other Expenses	1,602.08	1,602.08	970.74	631.34
Computerized Data Processing				
Other Expenses	1,392.00	1,392.00	-	1,392.00
Revenue Administration				
Other Expenses	1,185.38	1,185.38	880.85	304.53
Tax Assessment Administration				
Salaries and Wages	75.77	75.77	-	75.77
Other Expenses	7,010.98	7,010.98	6,100.39	910.59
Legal Services				
Other Expenses	5,770.35	10,770.35	10,131.00	639.35
Engineering Services and Costs				
Other Expenses	3,765.86	3,765.86	1,530.92	2,234.94
LAND USE ADMINISTRATION				
Planning Board				
Other Expenses	1,767.57	1,767.57	640.26	1,127.31

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
PUBLIC WORKS FUNCTIONS				
School Crossing Guards	187.75	187.75	-	187.75
Salaries and Wages	170.00	170.00	-	170.00
Other Expenses				
Office of Emergency Management				
Salaries and Wages	53.02	53.02	-	53.02
Other Expenses	890.00	1,790.00	1,503.00	287.00
Ambulance Services				
Salaries and Wages	1,562.62	1,562.62	-	1,562.62
Other Expenses	1,954.23	4,654.23	4,435.18	219.05
Fire Department				
Other Expenses - Equipment	4,347.13	6,347.13	5,996.00	351.13
Municipal Prosecutor				
Other Expenses	1,250.00	1,250.00	1,250.00	-
PUBLIC WORKS FUNCTION				
Streets and Roads Maintenance				
Salaries and Wages	355.78	355.78	-	355.78
Other Expenses	12,244.07	6,244.07	4,416.28	1,827.79
Building and Grounds				
Other Expenses	3,729.41	3,729.41	2,689.73	1,039.68
Convenience Center				
Salaries and Wages	15.50	15.50	-	15.50
Other Expenses	5,269.52	5,269.52	2,695.30	2,574.22
HEALTH AND HUMAN SERVICE FUNCTIONS				
Environmental Commission				
Other Expenses	416.00	416.00	21.84	394.16
Animal Control Services				
Other Expenses	2,782.18	2,782.18	2,151.00	631.18

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
RECREATION				
Senior Citizen Center				
Salaries and Wages	233.86	233.86	-	233.86
Other Expenses	677.83	677.83	-	677.83
Recreation Services and Programs				
Other Expenses	731.13	731.13	-	731.13
Parks and Playgrounds				
Other Expenses	150.12	150.12	-	150.12
MUNICIPAL COURT				
Municipal Court Administration				
Salaries and Wages	438.04	438.04	-	438.04
Other Expenses	6,312.22	2,712.22	180.00	2,532.22
Public Defender				
Salaries and Wages	3,975.00	3,975.00	2,200.00	1,775.00
Other Expenses		-		-
INSURANCE				
Employee Group Insurance	7,378.17	7,378.17	4,315.13	3,063.04
Worker's Compensation	1,004.00	1,004.00	-	1,004.00
SEWER UTILITY				
Other Expenses				
Maintenance	336.41	336.41	275.00	61.41
Treatment	299.58	299.58	-	299.58
UNIFORM CONSTRUCTION CODE				
Construction Official				
Salaries and Wages	234.75	234.75	-	234.75
Other Expenses	310.83	310.83	-	310.83
Code Enforcement				
Salaries and Wages	74.25	74.25	-	74.25

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
UNCLASSIFIED				
Electric	2,330.26	2,330.26	1,834.75	495.51
Telephone	2,095.23	2,095.23	715.22	1,380.01
Gasoline	5,974.21	5,974.21	3,557.25	2,416.96
Natural Gas	2,092.33	2,092.33	1,639.51	452.82
Street Lighting	5,304.27	5,304.27	4,873.90	430.37
Heating Oil	664.81	664.81	-	664.81
Economic Development	1,100.00	100.00	-	100.00
STATUTORY EXPENDITURES				
Contributions to				
Public Employees' Retirement System	2,723.00	2,723.00	-	2,723.00
Social Security System	3,288.78	3,288.78	-	3,288.78
OPERATIONS EXCLUDED FROM "CAPS"				
Insurance				
Emergency Services Volunteer Length of Service Award Program (LOSAP)	24,000.00	24,000.00	23,300.00	700.00
CAPITAL IMPROVEMENTS				
Demolition of Township Owned Property	20,000.00	20,000.00	-	20,000.00
\$	155,191.23	155,191.23	90,755.52	64,435.71

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

Balance December 31, 2014		
School Tax Payable	\$ 439,117.99	
School Tax Deferred	<u>272,990.00</u>	
		\$ 712,107.99
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		<u>1,259,555.00</u>
		1,971,662.99
Decreased by:		
Payments		<u>1,244,473.00</u>
Balance December 31, 2015		
School Tax Payable	454,199.99	
School Tax Deferred	<u>272,990.00</u>	
		<u>727,189.99</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		1,244,473.00
Tax Payable Ending		<u>454,199.99</u>
		1,698,672.99
Less: Tax Payable Beginning		<u>439,117.99</u>
Amount charged to Current Year Operations		<u><u>\$ 1,259,555.00</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance December 31, 2014			
School Tax Payable	\$	319,785.18	
School Tax Deferred		<u>488,128.00</u>	
			\$ 807,913.18
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			<u>1,486,898.00</u>
			2,294,811.18
Decreased by:			
Payments			<u>1,545,821.50</u>
Balance December 31, 2015			
School Tax Payable		260,861.68	
School Tax Deferred		<u>488,128.00</u>	
			<u>748,989.68</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,545,821.50
Tax Payable Ending			<u>260,861.68</u>
			1,806,683.18
Less: Tax Payable Beginning			<u>319,785.18</u>
Amount charged to Current Year Operations			<u><u>\$ 1,486,898.00</u></u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:				
Small Cities	\$	125,000.00	101,175.06	23,824.94
Total Federal	-	125,000.00	101,175.06	23,824.94
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	84,373.47			84,373.47
Clean Communities	-			-
Recycling Tonnage		2,898.77	2,898.77	-
Total State	199,100.88	-	2,898.77	199,100.88
\$	199,100.88	125,000.00	104,073.83	222,925.82
		Cash	101,175.06	
		Unappropriated Reserves	2,898.77	
			104,073.83	

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2014		2015	Disbursed	Overexpenditure	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
FEMA	\$ 7,028.83		-			7,028.83
Small Cities			125,000.00	61,739.00		63,261.00
Small Cities - Match			6,500.00			6,500.00
Total Federal	7,028.83	-	131,500.00	61,739.00	-	76,789.83
STATE GRANTS:						
Recycling Tonnage	3,482.51		2,898.77			6,381.28
NJ Environmental Commission	3,792.44					3,792.44
Clean Communities	4,863.04	66.89		6,055.70	(1,125.77)	(0.00)
Municipal Stormwater	3,093.00					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	0.00					0.00
Total State	129,280.28	66.89	2,898.77	6,055.70	(1,125.77)	127,316.01
	136,309.11	66.89	134,398.77	67,794.70	(1,125.77)	204,105.84

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	Balance	Transferred	Received	Balance
	Dec. 31, 2014	To 2015 Appropriations		Dec. 31, 2015
FEDERAL GRANTS:				
None	-	-		-
Total Federal	-	-	-	-
STATE GRANTS:				
Recycling Tonnage Grant	2,898.77	2,898.77	14,120.89	-
Clean Communities				14,120.89
Total State	2,898.77	2,898.77	14,120.89	14,120.89
	\$	2,898.77	14,120.89	14,120.89

TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER

Balance December 31, 2014		\$	1,608.40
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	951.15		
Due to State of NJ	229.20		
Interfund Returned	204.20		
			<u>1,384.55</u>
			2,992.95
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	-		
Due to State of New Jersey	-		
			<u>-</u>
Balance December 31, 2015		\$	<u><u>2,992.95</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2014		\$	253,495.30
Increased by:			
Cash Receipts for:			
Current Fund Interfund	-		
Other Reserves:			
Interest on Investments	-		
Other Receipts	1,051,617.42		
			<u>1,051,617.42</u>
			1,305,112.72
Decreased by:			
Cash Disbursed for:			
Current Fund Interfund	52,450.34		
Other Reserves	1,027,353.77		
			<u>1,079,804.11</u>
Balance December 31, 2015		\$	<u><u>225,308.61</u></u>

TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014		\$	1,812.00
Increased by:			
Dog License - Cash Receipts	951.15		
Interest on Investments	-		
	<hr/>		<hr/>
			951.15
			2,763.15
Decreased by:			
Excess	1,110.15		
Cash Disbursed	-		
	<hr/>		<hr/>
			1,110.15
Balance December 31, 2015		\$	<u><u>1,653.00</u></u>

Fees Collected	2014	1,038.00	
	2013	<u>615.00</u>	
		<u><u>1,653.00</u></u>	

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

Balance December 31, 2014		\$	0.60
Increased by:			
Cash Receipts	229.20		
	<hr/>		<hr/>
			229.20
			229.80
Decreased by:			
Cash Disbursed	-		
	<hr/>		<hr/>
			-
Balance December 31, 2015		\$	<u><u>229.80</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2014	Cash Receipts	Cash Disbursed	Balance Dec. 31, 2015
Unemployment Compensation	\$ 30,565.13	22,495.69	32,882.68	20,178.14
Payroll	-	689,057.00	689,057.00	-
Sanitary Landfill Escrow	14,895.72	5,127.16	1,276.52	18,746.36
Developers Escrow	56,613.31			56,613.31
Uniform Fire Safety	2,765.38			2,765.38
Tax Title Lien Redemptions	15,403.24	292,237.57	292,237.57	15,403.24
Tax Sale Premiums	73,400.00	42,700.00	11,900.00	104,200.00
Consortia Grant	8,860.06			8,860.06
Small Cities	28,476.00			28,476.00
	\$ <u>230,978.84</u>	<u>1,051,617.42</u>	<u>1,027,353.77</u>	<u>255,242.49</u>

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

Balance December 31, 2014		\$	401.28
Increased by: No Activity			
	<hr/>		<hr/>
			-
			401.28
Decreased by: No Activity			
	<hr/>		<hr/>
			-
Balance December 31, 2015		\$	<u>401.28</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2015
		Miscellaneous			From	To	
Fund Balance	\$ -						-
Capital Improvement Fund	152,392.00	-			25,000.00		127,392.00
Due from Current Fund	(261,694.78)	-			54,700.00	25,000.00	(291,394.78)
Reserve for Debt Service	252,891.00				25,000.00		227,891.00
Reserve for Landfill Closure	11,755.00						11,755.00
Encumbrances						470,139.00	470,139.00
<u>Improvement Authorizations:</u>							
3-2007 Beach Improvements at Seabreeze	-						-
3-2007 Site Clean Up	(67,734.20)					22,500.00	(45,234.20)
2010 Elmer Road	106.91						106.91
5-2011 Various Capital Improvements	(22,400.00)			-		15,000.00	(7,400.00)
11-2012 Various Improvements	1,243.60			-			1,243.60
14-2012 Various Improvements:							
Municipal Building Road	(13,669.25)			-		5,000.00	(8,669.25)
Refurbishing of Ambulance	(67,000.00)			-		7,200.00	(59,800.00)
Municipal Building Generator	14,511.00					5,000.00	19,511.00
1-2015 Purchase of Fire Truck					470,139.00	25,000.00	(445,139.00)
	<u>401.28</u>	<u>-</u>		<u>-</u>	<u>574,839.00</u>	<u>574,839.00</u>	<u>401.28</u>
\$							

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

Balance December 31, 2014		\$	152,392.00
Increased by:			
Budget Appropriation	-		
	<hr/>		<hr/>
			-
			152,392.00
Decreased by:			
Down Payment for Ordinance 1-2015	25,000.00		
	<hr/>		<hr/>
			25,000.00
Balance December 31, 2015		\$	<u><u>127,392.00</u></u>

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

Balance December 31, 2014		\$	2,976,000.00
Increased by:			
Refunding Bonds Issued	2,490,000.00		
	<hr/>		<hr/>
			2,490,000.00
			5,466,000.00
Decreased by:			
Serial Bonds Paid	2,591,000.00		
	<hr/>		<hr/>
			2,591,000.00
Balance December 31, 2015		\$	<u>2,875,000.00</u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Raised in 2015 Budget	Balance Dec. 31, 2015	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
3-2007	Beach Improvements at Seabreeze	\$ 67,734.20		22,500.00	45,234.20	-	45,234.20	-
5-2011	Various Capital Improvements	22,400.00		15,000.00	7,400.00	-	7,400.00	-
14-2012	Various Capital Improvements:							
	Municipal Building Roof	26,000.00		5,000.00	21,000.00	-	8,669.25	12,330.75
	Refurbishing of Ambulance	67,000.00		7,200.00	59,800.00	-	59,800.00	-
	Municipal Building Generator	33,989.00		5,000.00	28,989.00	-	-	28,989.00
1-2015	Purchase of Fire Truck	-	475,000.00		475,000.00	-	445,139.00	29,861.00
		<u>\$ 217,123.20</u>	<u>475,000.00</u>	<u>54,700.00</u>	<u>637,423.20</u>	<u>-</u>	<u>566,242.45</u>	<u>71,180.75</u>
<div> <div>Improvement Authorizations Unfui</div> <div>Less:</div> <div>Unexpended Proceeds of Bond</div> <div>Anticipation Notes Issued:</div> <div>Ord. Number</div> </div>								
								-
								<u>\$ 71,180.75</u>

63

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015		Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount		Dec. 31, 2014				
Various General Improvements	12/15/2006	4,131,000	2/15/2016	190,000.00	4.250%	\$	2,976,000.00		2,591,000.00	385,000.00
			2/15/2017	195,000.00	4.250%					
2015 Refunding Bonds	8/19/2015	2,490,000	2/15/2016	20,000.00	3.000%		-	2,490,000.00		2,490,000.00
			2/15/2017	15,000.00	3.000%					
			2/15/2018	215,000.00	3.000%					
			2/15/2019	225,000.00	3.000%					
			2/15/2020	230,000.00	3.000%					
			2/15/2021	240,000.00	3.000%					
			2/15/2022	245,000.00	3.000%					
			2/15/2023	255,000.00	3.500%					
			2/15/2024	255,000.00	3.500%					
			2/15/2025	260,000.00	3.500%					
			2/15/2026	260,000.00	3.500%					
			2/15/2027	270,000.00	3.500%					
						\$	2,976,000.00	2,490,000.00	2,591,000.00	2,875,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Other	Balance Dec. 31, 2015
3-2007	Beach Improvements at Seabreeze	\$ 67,734.20		22,500.00	45,234.20
5-2011	Various Capital Improvements	22,400.00		15,000.00	7,400.00
14-2012	Various Capital Improvements:				
	Municipal Building Roof	26,000.00		5,000.00	21,000.00
	Refurbishing of Ambulance	67,000.00		7,200.00	59,800.00
	Municipal Building Generator	33,989.00		5,000.00	28,989.00
1-2015	Purchase of Fire Truck		475,000.00		475,000.00
		<u>\$ 217,123.20</u>	<u>475,000.00</u>	<u>54,700.00</u>	<u>637,423.20</u>

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TOWNSHIP OF FAIRFIELD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

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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 no bids were sought by public advertising during 2015.

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 2015.

This Resolution shall take effect January 1, 2015.

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>
2015	130
2014	102
2013	82

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 2015 and 2016 Taxes	5
Delinquent Taxes	11
Municipal Court	5
Total	<u>21</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.

Year	Tax Levy	Cash Collections	Percentage of Collections
2015	\$ 7,268,414.00	6,705,865.00	92.26%
2014	7,188,262.10	6,657,506.68	92.62%
2013	7,023,203.77	6,471,572.20	92.15%

Comparative Schedule of Tax Rate Information

	2015	2014	2013
Tax Rate	\$ 2.310	2.275	2.212
Apportionment of Tax Rate:			
Municipal	0.407	0.383	0.383
County	1.029	1.017	0.976
Regional School	0.473	0.485	0.460
Local School	0.401	0.390	0.393

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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2015	\$ 702,545.13	524,181.27	1,226,726.40	16.88%
2014	426,534.48	533,918.51	960,452.99	13.36%
2013	333,221.20	551,544.00	884,765.20	12.60%

FINDINGS AND RECOMMENDATIONS

NONE

STATUS OF PRIOR YEAR FINDINGS

Finding #2014-1:

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 cleared in 2015.

Finding #2014-2:

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

This finding was cleared in 2015.

Finding #2014-3:

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

This finding was partially cleared in 2015.

Management has recalculated all health benefit contributions as of the date of the audit.

Finding #2014-4:

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

This finding was cleared in 2015.

In accordance with OMB Uniform Guidance, *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

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

June 3, 2016