

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

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TOWNSHIP OF LOWER
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2014



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Council
Township of Lower
County of Cape May, 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 Lower, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Lower 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 Lower as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 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 Lower’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015 on our consideration of the Township of Lower'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 Lower's internal control over financial reporting and compliance.

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 5, 2015

**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,590,749.19	5,744,728.47
Cash - Change	600.00	600.00
Total Cash	<u>6,591,349.19</u>	<u>5,745,328.47</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	6,135.61	3,005.47
Total Other Receivables	<u>6,135.61</u>	<u>3,005.47</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	930,260.70	810,149.50
Tax Title Lien Receivable	190,793.79	165,194.03
Lower Township MUA Lien	7,848.36	7,848.36
Property Acquired for Taxes - at Assessed Valuation	1,663,200.00	1,791,200.00
Revenue Accounts Receivable	7,057.83	10,821.47
Municipal Fees Receivable	-	2,946.67
Lot Clearing Assessments	6,404.25	14,690.00
Total Receivables and Other Assets	<u>2,805,564.93</u>	<u>2,802,850.03</u>
Deferred Charges:		
Emergency Appropriation	-	200,000.00
Special Emergency Appropriation	328,000.00	545,000.00
Total Deferred Charges	<u>328,000.00</u>	<u>745,000.00</u>
Total Regular Fund	<u>9,731,049.73</u>	<u>9,296,183.97</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	693,655.12	948,350.32
Due from Current Fund	270,046.02	212,751.42
Total Federal and State Grant Fund	<u>963,701.14</u>	<u>1,161,101.74</u>
Total Current Fund	<u>\$ 10,694,750.87</u>	<u>10,457,285.71</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 698,314.61	473,423.33
Reserve for Encumbrances/Accounts Payable	662,928.66	518,336.64
Prepaid Taxes	971,912.70	910,198.66
Overpaid Taxes	35,809.90	19,671.75
Due to Lower Cape May Regional	-	4,291.24
County Added Tax Payable	13,663.59	14,867.09
Due to State:		
Marriage Licenses	775.00	1,200.00
Permit Surcharge Fees	14,261.00	13,083.00
Interfund Payable:		
Federal and State Grant Funds	270,046.02	212,751.42
Other		
Prepaid Bulk Trash Receipts	18,500.75	18,751.00
Reserve for Accumulated Absence	180,000.00	319,456.60
Reserve for Revaluation	39,245.50	66,518.50
	<u>2,905,457.73</u>	<u>2,572,549.23</u>
Reserve for Receivables and Other Assets	2,805,564.93	2,802,850.03
Fund Balance	<u>4,020,027.07</u>	<u>3,920,784.71</u>
Total Regular Fund	<u>9,731,049.73</u>	<u>9,296,183.97</u>
Federal and State Grant Fund:		
Unappropriated Reserves	58,550.29	47,586.14
Appropriated Reserves	684,558.85	1,069,733.55
Encumbrances Payable	<u>220,592.00</u>	<u>43,782.05</u>
Total Federal and State Grant Fund	<u>963,701.14</u>	<u>1,161,101.74</u>
Total Current Fund	<u>\$ 10,694,750.87</u>	<u>10,457,285.71</u>

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

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 2,065,000.00	1,678,000.00
Miscellaneous Revenue Anticipated	4,485,798.59	4,769,046.01
Receipts from Delinquent Taxes	772,906.78	1,177,300.80
Receipts from Current Taxes	57,522,655.46	56,642,986.19
Non Budget Revenue	199,908.28	196,201.03
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	335,105.24	533,468.30
Prior Years' Accounts Payable Cancelled	1,189.94	7,192.35
Cancel Prior Years Outstanding Grant Balances	121,551.46	-
Total Income	65,504,115.75	65,004,194.68
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	9,880,527.68	9,579,420.00
Other Expenses	8,257,254.00	8,181,419.45
Deferred Charges & Statutory Expenditures	2,182,840.00	2,336,315.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	145,300.00	146,044.38
Other Expenses	694,717.92	1,077,169.52
Capital Improvements	95,000.00	270,000.00
Debt Service	2,758,776.63	2,687,903.87
Deferred Charges	417,000.00	180,000.00
Local District School Tax	15,529,080.00	15,102,039.00
Regional District School Tax	11,922,946.50	11,492,321.92
County Tax	9,276,045.07	9,182,631.61
County Share of Added Tax	13,663.59	14,867.09
Refund of Prior Year's Revenue	-	11,625.84
Other:		
Special District Tax	2,158,972.00	2,114,881.00
Cancellation of Senior and Vet Due from State	7,750.00	16,000.00
Total Expenditures	63,339,873.39	62,392,638.68
Excess in Revenue	2,164,242.36	2,611,556.00

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

	<u>2014</u>	<u>2013</u>
Adjustments to Income before Fund Balance:		
Emergency Appropriation	-	385,000.00
Total Adjustments	<u>-</u>	<u>385,000.00</u>
Statutory Excess to Fund Balance	<u>2,164,242.36</u>	<u>2,996,556.00</u>
Fund Balance January 1	<u>3,920,784.71</u>	<u>2,602,228.71</u>
	6,085,027.07	5,598,784.71
Decreased by:		
Utilization as Anticipated Revenue	<u>2,065,000.00</u>	<u>1,678,000.00</u>
Fund Balance December 31	<u>\$ 4,020,027.07</u>	<u>3,920,784.71</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 2,065,000.00		2,065,000.00	-
Total Fund Balance Anticipated	<u>2,065,000.00</u>	<u>-</u>	<u>2,065,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	35,000.00		38,400.00	3,400.00
Other	180,000.00		244,963.70	64,963.70
Fees and Permits	81,000.00		79,435.55	(1,564.45)
Fines and Costs:				
Municipal Court	100,000.00		123,090.52	23,090.52
Interest and Costs on Taxes	200,000.00		178,670.56	(21,329.44)
Interest Earned on Investments	3,000.00		4,308.13	1,308.13
Recreation Fees	40,000.00		48,197.23	8,197.23
Payment in Lieu of Taxes	70,000.00		115,071.84	45,071.84
Cable Franchise Fees	115,000.00		125,377.69	10,377.69
Bulk Trash Receipts	85,000.00		84,422.15	(577.85)
Total Section A: Local Revenues	<u>909,000.00</u>	<u>-</u>	<u>1,041,937.37</u>	<u>132,937.37</u>
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	43,642.00		51,098.00	7,456.00
Energy Receipts Tax	1,432,149.00		1,424,693.00	(7,456.00)
Garden State Preservation Trust Fund	87,437.00		87,437.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>1,563,228.00</u>	<u>-</u>	<u>1,563,228.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	250,000.00		512,110.15	262,110.15

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Total Section C: Uniform Construction Code Fees	250,000.00	-	512,110.15	262,110.15
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Boards of Educations - Special Police	145,300.00		145,323.28	23.28
County Interlocal - Garage Services	42,000.00		42,205.00	205.00
Total Section D: Interlocal Municipal Service Agreements	187,300.00	-	187,528.28	228.28
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	39,371.72		39,371.72	-
Alcohol Education and Rehabilitation Fund	316.65	1,063.44	1,380.09	-
Municipal Alliance on Alcoholism and Drug Abuse	31,409.00		31,409.00	-
Body Armor Grant	7,897.77	12,283.65	20,181.42	-
Atlantic County JIF Grant		3,500.00	3,500.00	-
Clean Communities		65,187.69	65,187.69	-
Click it or Ticket		4,000.00	4,000.00	-
Open Space		448,571.00	448,571.00	-
Emergency Management		5,000.00	5,000.00	-
Cops in Shops		1,200.00	1,200.00	-
Drive Sober or Get Pulled Over		16,900.00	16,900.00	-
Total Section F: Special Items - Public and Private Programs	78,995.14	557,705.78	636,700.92	-
Section G: Other Special Items				
Uniform Fire Safety Act	284,220.00		269,584.97	(14,635.03)
Capital Surplus	54,000.00		-	(54,000.00)
Escrow Surplus	9,000.00		2,137.50	(6,862.50)
Aid from Fire Districts #1,2 & 3	57,000.00		57,000.00	-
Insurance Stop Loss Revenues	215,571.40		215,571.40	-

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Section G: Other Special Items	619,791.40	-	(75,497.53)
Total Miscellaneous Revenues:	3,608,314.54	557,705.78	319,778.27
Receipts from Delinquent Taxes	860,000.00		(87,093.22)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	19,268,529.55		1,114,625.20
Total Amount to be Raised by Taxes for Support of Municipal Budget	19,268,529.55	-	1,114,625.20
Budget Totals	25,801,844.09	557,705.78	1,347,310.25
Non- Budget Revenues: Other Non- Budget Revenues:			199,908.28
	25,801,844.09	557,705.78	1,547,218.53

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	57,522,655.46
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Less: Reserve for Tax Appeals Pending		-
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Net Revenue from Collections		57,522,655.46
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Allocated to:

School, County and Other Taxes		39,005,693.66
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Balance for Support of Municipal Budget Appropriations		18,516,961.80
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		1,866,192.95
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Amount for Support of Municipal Budget Appropriations		20,383,154.75
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		769,733.59
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Tax Title Lien Collections		3,173.19
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Total Receipts from Delinquent Taxes		772,906.78
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Assessor		1,000.00
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Auction Proceeds		20,857.14
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Employee Car		780.00
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Municipal Land Use Fees		52,393.61
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Police Reports		2,201.11
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Senior & Veterans Administration Fee		8,271.75
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Vital Statistics		20,209.00
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JIF		28,730.00
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Recycling Rebate		64,617.93
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Lot Clearing		847.74
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Total Miscellaneous Revenue Not Anticipated:	\$	199,908.28
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:						
Office of Township Council Salaries and Wages	\$ 63,000.00	63,000.00	63,000.00	-	-	-
Other Expenses	36,950.00	36,950.00	36,851.61	98.39	(0.00)	-
Office of Township Clerk Salaries and Wages	202,600.00	202,600.00	194,414.89	20.46	8,185.11	-
Other Expenses	8,200.00	8,200.00	7,542.81		636.73	-
Elections Other Expenses	7,000.00	7,000.00	3,476.06		3,523.94	-
Office of Township Solicitor Salaries and Wages	20,500.00	20,500.00	20,500.00		-	-
Other Expenses	150,000.00	200,000.00	129,926.64	56,220.50	13,852.86	-
Office of Township Manager Salaries and Wages	155,000.00	155,000.00	151,528.78	50.61	3,471.22	-
Other Expenses	2,025.00	2,025.00	976.75		997.64	-
Department of Revenue and Finance Salaries and Wages	302,600.00	292,600.00	279,783.28		12,816.72	-
Other Expenses	14,400.00	34,400.00	32,224.67	1,696.22	479.11	-
Audit Services Other Expenses	32,800.00	32,800.00	32,800.00		-	-
Division of Tax Assessment Salaries and Wages	142,000.00	143,000.00	138,872.24		4,127.76	-
Other Expenses	13,000.00	13,000.00	6,088.30		6,911.70	-
Division of Taxation Salaries and Wages	180,500.00	181,500.00	176,762.82		4,737.18	-
Other Expenses:						
Liquidation of Tax Title Liens	1,000.00	1,000.00			1,000.00	-
Miscellaneous Other Expenses	8,925.00	8,925.00	7,372.70	345.64	1,206.66	-
Department of Planning and Development Salaries and Wages	189,500.00	189,500.00	185,546.81		3,953.19	-
Other Expenses	15,795.00	15,795.00	8,031.71	5,929.88	1,833.41	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Engineering Services and Costs						
Salaries and Wages	72,775.00	72,775.00	12,357.68			60,417.32
Other Expenses	9,000.00	17,600.00	14,007.88	1,113.71	2,478.41	-
Department of Parks and Recreation						
Salaries and Wages	245,000.00	225,000.00	218,964.14			-
Other Expenses	171,520.00	180,020.00	161,299.62	12,136.79	6,035.86	-
Department of Public Works						
Salaries and Wages	2,727,200.00	2,762,200.00	2,685,001.17		77,198.83	-
Other Expenses:						
Sanitary Landfill	730,000.00	730,000.00	549,305.09	119,246.90	61,448.01	-
Miscellaneous Other Expenses	263,150.00	263,150.00	211,488.89	43,281.40	8,379.71	-
Public Buildings and Grounds						
Salaries and Wages	120,000.00	122,500.00	121,319.28		1,180.72	-
Other Expenses	239,500.00	239,500.00	187,873.76	31,761.33	19,864.91	-
Department of Public Safety						
Salaries and Wages	4,169,750.00	4,295,750.00	4,286,299.51		9,450.49	-
Other Expenses	118,545.00	118,545.00	87,543.17	30,078.35	923.48	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Salaries and Wages	193,120.00	193,120.00	172,374.57		20,745.43	-
Other Expenses	148,100.00	148,100.00	110,486.19	4,148.28	33,465.53	-
Emergency Management Services						
Salaries and Wages	10,000.00	10,000.00	9,999.86		0.14	-
Other Expenses	7,500.00	2,500.00	220.00		2,280.00	-
Contributions to First Aid Organizations	105,000.00	105,000.00	105,000.00		-	-
Demolition						
Other Expenses	4,750.00	3,010.00			3,010.00	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Police 911 Dispatchers Salaries and Wages	484,000.00	463,784.05	463,784.05	215.95	-	
Other Expenses	8,253.00	8,253.00	6,248.46	1,945.70	58.84	
Planning Board Other Expenses	8,000.00	8,000.00	7,598.00	402.00	-	
Zoning Board of Adjustments Other Expenses	8,000.00	8,000.00	7,500.00	500.00	-	
Animal Regulation: Other Expenses: Contractual	95,871.00	95,871.00	95,871.00	-	-	
Miscellaneous Other Expenses	70,000.00	70,000.00	65,366.16	90.00	4,543.84	
Municipal Court Salaries and Wages	207,700.00	208,700.00	204,066.99	4,633.01	-	
Other Expenses	12,950.00	12,950.00	12,214.81	269.88	465.31	
Public Defender (P.L. 1997, C. 256) Salaries and Wages	11,200.00	11,200.00	11,200.00	-	-	
General Liability	336,739.00	336,739.00	336,739.00	-	-	
Workers Compensation Insurance	710,896.00	710,896.00	705,857.58	900.00	4,138.42	
Employee Group Health	3,728,600.00	3,611,100.00	3,199,181.49	285,912.58	126,005.93	
Health Benefit Salaries and Wages	94,000.00	94,000.00	88,499.99	5,500.01	-	
Construction Official Salaries and Wages	233,000.00	234,000.00	227,972.43	6,027.57	-	
Other Expenses	9,725.00	9,725.00	1,427.65	621.00	7,676.35	
Celebration of Public Events or Holidays	53,000.00	53,000.00	43,071.45	9,435.00	493.55	
Electricity	185,500.00	185,500.00	153,279.52	12,372.64	19,847.84	
Street Lighting	312,500.00	342,500.00	316,015.31	12,327.89	14,156.80	
Telephone	85,000.00	85,000.00	73,094.46	4,796.56	7,108.98	
Water	13,900.00	13,900.00	11,665.56	2,234.44	-	
Natural Gas	45,000.00	52,500.00	47,198.11	5,270.11	31.78	
Heating Oil	35,000.00	35,000.00	8,609.67	26,390.33	-	
Gasoline	454,000.00	450,500.00	309,319.91	118,786.51	-	
TOTAL OPERATIONS WITHIN "CAPS"	18,083,539.00	18,197,899.00	16,805,022.48	662,463.40	60,417.32	

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Contingent	300.00	300.00	-	300.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	18,083,839.00	18,198,199.00	16,805,022.48	662,463.40	60,417.32
Detail:					
Salaries and Wages	9,823,445.00	9,940,945.00	9,712,248.49	-	168,279.19
Other Expenses	8,260,394.00	8,257,254.00	7,092,773.99	662,463.40	502,016.61
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	566,400.00	504,300.00	504,295.04	4.96	-
Social Security System (O.A.S.I.)	780,000.00	780,000.00	753,965.13	26,034.87	-
Unemployment	133,000.00	133,000.00	131,960.78	1,039.22	-
Police and Firemen's Retirement System	807,800.00	755,540.00	755,538.00	2.00	-
Defined Contribution Retirement Program	10,000.00	10,000.00	9,063.24	936.76	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,297,200.00	2,182,840.00	2,154,822.19	28,017.81	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	20,381,039.00	20,381,039.00	18,959,844.67	662,463.40	60,417.32
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Interlocal Municipal Service Agreements	145,300.00	145,300.00	145,300.00	-	-
School Resource Officer	42,000.00	42,000.00	42,000.00	-	-
County Interlocal - Garage Services	187,300.00	187,300.00	187,300.00	-	-

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(A) Public and Private Programs Off-Set by						
Revenues						
Clean Communities		65,187.69	65,187.69			-
Emergency Management		5,000.00	5,000.00			-
Municipal Alliance on Alcoholism and Drug Abuse						
State Match	31,409.00	31,409.00	31,409.00			-
Local Match	7,852.00	7,852.00	7,852.00			-
Recycling Tonnage Grant	39,371.72	39,371.72	39,371.72			-
Body Armor	7,897.77	20,181.42	20,181.42			-
Alcohol Education Rehabilitation	316.65	1,380.09	1,380.09			-
Cops in Shops		1,200.00	1,200.00			-
Click It or Ticket		4,000.00	4,000.00			-
JIF Safety		3,500.00	3,500.00			-
Supplemental Fire Services Program	8,165.00	8,165.00	8,164.00		1.00	-
Fire District Direct Program		16,900.00	16,900.00			-
Driver Sober or Get Pulled Over		448,571.00	448,571.00			-
Open Space						-
Total Public and Private Programs Off-Set by	95,012.14	652,717.92	652,716.92	-	1.00	-
Revenues						
Total Operations - Excluded from "CAPS"	282,312.14	840,017.92	840,016.92		1.00	-
Detail:						
Salaries and Wages	145,300.00	145,300.00	145,300.00			-
Other Expenses	137,012.14	694,717.92	694,716.92		1.00	-
(C) Capital Improvements						
Capital Improvement Fund	95,000.00	95,000.00	95,000.00			-
Total Capital Improvements	95,000.00	95,000.00	95,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,180,000.00	2,180,000.00	2,180,000.00			-
Payment of Bond Anticipation Notes and Capital Notes	134,000.00	134,000.00	134,000.00			-
Interest on Bonds	280,000.00	280,000.00	279,225.00			775.00
Interest on Notes	41,300.00	41,300.00	41,185.27			114.73
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	125,000.00	125,000.00	124,366.36			633.64
Total Debt Service	2,760,300.00	2,760,300.00	2,758,776.63	-	-	1,523.37

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Emergency Authorizations	200,000.00	200,000.00	200,000.00	-	-	-
Special Emergency Authorizations	217,000.00	217,000.00	217,000.00	-	-	-
Total Deferred Charges	<u>417,000.00</u>	<u>417,000.00</u>	<u>417,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,554,612.14	4,112,317.92	4,110,793.55	-	1.00	1,523.37
SUBTOTAL GENERAL APPROPRIATIONS	<u>23,935,651.14</u>	<u>24,493,356.92</u>	<u>23,070,638.22</u>	<u>662,463.40</u>	<u>698,314.61</u>	<u>61,940.69</u>
(M) Reserve for Uncollected Taxes	1,866,192.95	1,866,192.95	1,866,192.95			-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 25,801,844.09</u>	<u>26,359,549.87</u>	<u>24,936,831.17</u>	<u>662,463.40</u>	<u>698,314.61</u>	<u>61,940.69</u>
Budget Appropriations by 40A:4-87		25,801,844.09			Cancelled	61,940.69
		557,705.78			Overexpended	-
		<u>26,359,549.87</u>				<u>61,940.69</u>
Reserve for Uncollected Taxes		1,866,192.95				
Federal and State Grants		636,700.92				
Deferred Charges		417,000.00				
Disbursements		22,016,937.30				
		<u>24,936,831.17</u>				

**EXHIBIT - B
TRUST FUND**

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

	2014	2013
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 9,081.60	9,222.00
	9,081.60	9,222.00
<u>Other Funds</u>		
Cash and Investments	1,804,976.83	1,391,286.84
Program Loans Receivable	480,893.60	480,893.60
	2,285,870.43	1,872,180.44
	\$ 2,294,952.03	1,881,402.44

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>2014</u>	<u>2013</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 9,078.00	9,222.00
Due to State of New Jersey	3.60	-
	<u>9,081.60</u>	<u>9,222.00</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Title		
Lien Certificates	2,971.63	1,065.02
Premiums Received at Tax Sale	355,400.00	300,000.00
Reserve for Program Loans Receivable	480,893.60	480,893.60
Reserve for Unemployment Compensation	33,314.63	615.30
Reserve for AFLAC Flex Trust	38.64	38.54
Reserve for Performance and Escrow Deposits	428,148.51	436,710.28
Reserve for Recreation	38,714.41	37,598.07
Reserve for Bail Escrow	725.00	725.00
Reserve for POAA	24.00	24.00
Reserve for Small Cities Revolving Loan	284,722.69	238,121.36
Reserve for Historic Commission	819.68	819.18
Reserve for Police Forfeiture	21,488.42	17,551.04
Reserve for Police Investigative Trust	414.78	594.78
Reserve for Joint Housing	40,299.40	40,265.04
Reserve for Public Defender	202.80	752.80
Reserve for Escrow Deposits	92,401.52	123,393.17
Reserve for DARE	3,635.46	3,486.29
Reserve for Fire Safety Fees	267,046.47	161,101.94
Reserve for Off Duty Police	4,967.50	14,269.50
Reserve for Accumulated Absences	17,450.42	1,623.86
Reserve for Group Insurance	200,003.52	-
Reserve for Snow Removal	11,129.36	10,531.67
Reserve for Donations	1,057.99	2,000.00
	<u>2,285,870.43</u>	<u>1,872,180.44</u>
	<u>\$ 2,294,952.03</u>	<u>1,881,402.44</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 826,199.10	1,222,837.07
Deferred Charges to Future Taxation -		
Funded	7,438,865.39	9,714,615.81
Unfunded	8,341,000.00	7,240,000.00
	<u>16,606,064.49</u>	<u>18,177,452.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	734,591.74	720,571.71
Bond Anticipation Notes Payable	4,800,000.00	4,130,000.00
Serial Bonds Payable	5,400,000.00	6,900,000.00
Green Trust Loan Payable	1,358,865.39	1,454,615.81
Refunding Bonds Payable	680,000.00	1,360,000.00
Improvement Authorizations:		
Funded	103,266.86	194,975.26
Unfunded	3,168,754.40	3,063,040.00
Reserve for Preliminary Expenses - Public Safety Bldg	12,800.00	-
Capital Improvement Fund	224,323.00	256,323.00
Fund Balance	123,463.10	97,927.10
	<u>\$ 16,606,064.49</u>	<u>18,177,452.88</u>

There were bonds and notes authorized but not issued at December 31,

2013	3,110,000.00
2014	3,541,000.00

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 97,927.10	85,495.80
Increased by:		
Premiums on sale of Bonds & Notes	25,536.00	12,431.30
Decreased by:		
None	-	-
Ending Balance December 31	<u>\$ 123,463.10</u>	<u>97,927.10</u>

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2014</u>	<u>2013</u>
<u>General Fixed Assets</u>		
Land	\$ 2,076,786.58	2,076,786.58
Building	3,060,731.76	3,060,731.76
Machinery and Equipment	10,859,885.87	10,495,008.28
	<u>15,997,404.21</u>	<u>15,632,526.62</u>
 <u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	15,997,404.21	15,632,526.62
	<u>\$ 15,997,404.21</u>	<u>15,632,526.62</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the township is financially accountable. The township is financially accountable for an organization if the township appoints a voting majority of the organization's governing board and (1) the township is able to significantly influence the programs or services performed or provided by the organization; or (2) the township is legally entitled to or can otherwise access the organization's resources; the township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the township in that the township approves the budget, the issuance of debt or the levying of taxes. The Township of Lower has component units consisting of three fire districts and one municipal utility authority as defined by Governmental Accounting Standards Board (GASB). The following organizations are considered component units of the Township:

Lower Township Fire District #1
1619 Bayshore Road
Villas, New Jersey 08251

Lower Township Fire District #2
224 Town Bank Road
North Cape May, New Jersey 08204

Lower Township Fire District #3
P.O. Box 162
Rio Grande, New Jersey 08242

Lower Township Municipal Utility Authority
2900 Bayshore Road
Villas, New Jersey 08251

Complete financial statement information can be obtained from the organization listed above.

The Township of Lower is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 22,866.

B. Description of Funds

The accounting policies of the Township of Lower 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 Lower accounts for its financial transactions through the following separate funds:

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

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.

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 Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township 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. 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. Ordinarily, it is the intention of the municipality to resell foreclosed property, in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at the market value at the time of acquisition.

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

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

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 – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

The Township 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.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital fund 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 fire district, school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the fire district, school district or county.

Interest on Delinquent Taxes – It is the policy of the Township of Lower 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 Lower 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 regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

F. Recent Accounting Pronouncements Not Yet Effective

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

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

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$1,866,192.95 and \$2,233,169.12. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$2,065,000.00 and \$1,678,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2014 and 2013 calendar years:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Office of the Township Solicitor		
Other Expenses	50,000.00	28,000.00
Department of Revenue and Finance		
Salaries and Wages	(10,000.00)	
Other Expenses	20,000.00	
Department of Parks and Recreation		
Salaries and Wages	(20,000.00)	(20,000.00)
Department of Public Works		
Salaries and Wages	35,000.00	(40,000.00)
Other Expenses: Sanitary Landfill		(40,000.00)
Other Expenses: Miscellaneous		15,000.00
Public Buildings and Ground		
Other Expenses		(29,100.00)
Department of Public Safety		
Salaries and Wages	126,000.00	
Other Expenses		(26,000.00)
Police 911 Dispatchers		
Salaries and Wages	(20,000.00)	(10,000.00)
Municipal Court		
Salaries and Wages		(10,000.00)
Employee Group Health	(117,500.00)	199,000.00
Construction Official		
Salaries and Wages		(10,000.00)
Street Lighting	30,000.00	
Telephone		10,000.00
Heating Oil		(24,000.00)
Public Employees' Retirement System	(62,100.00)	
Police Firemen's Retirement System	(52,260.00)	

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

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2014 and 2013, the following budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities Program	\$ 65,187.69	69,368.29
Click it or Ticket	4,000.00	4,000.00
JIF	3,500.00	2,225.00
Drive Sober or Get Pulled Over	16,900.00	4,400.00
NJDOT		175,000.00
Comcast Technology Grant		100,000.00
Emergency Management	5,000.00	5,000.00
Cops in Shops	1,200.00	1,400.00
Drunk Driving Enforcement Fund		6,121.42
Body Armor	12,283.65	
Open Space	448,571.00	
Alcohol Education Rehab	1,063.44	

The Township 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 Township approved a special emergency and emergency appropriation in 2013 for \$185,000.00 and \$200,000.00. The special emergency was for a program of reassessment of real property in the Township. The emergency appropriation was for health insurance expenses. The Township previously approved a special emergency for terminal leave payments in the amount of \$900,000.00 which has been funded by the Townships budget. The unfunded balance of these emergencies as of December 31, 2014 was \$328,000.00.

NOTE 3: INVESTMENTS

Pursuant to the Enabling Act, the funds of the Township may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Township may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2014 and 2013, the municipality did not have any investments.

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the Township can invest in any one issuer.

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

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014 and 2013, the carrying amount of the Township's deposits was \$9,233,710.35 and the bank balance was \$9,733,899.51.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2014 and 2013:

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land	\$ 2,076,786.58			2,076,786.58
Building	3,067,831.76		7,100.00	3,060,731.76
Machinery and Equipment	10,231,240.57	307,684.46	43,916.75	10,495,008.28
	<u>\$ 15,375,858.91</u>	<u>307,684.46</u>	<u>51,016.75</u>	<u>15,632,526.62</u>

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land	\$ 2,076,786.58			2,076,786.58
Building	3,060,731.76			3,060,731.76
Machinery and Equipment	10,495,008.28	1,029,165.75	664,288.16	10,859,885.87
	<u>\$ 15,632,526.62</u>	<u>1,029,165.75</u>	<u>664,288.16</u>	<u>15,997,404.21</u>

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

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable:				
General	\$ 3,325,000.00	4,130,000.00	3,325,000.00	4,130,000.00
	<u>\$ 3,325,000.00</u>	<u>4,130,000.00</u>	<u>3,325,000.00</u>	<u>4,130,000.00</u>
	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
General	\$ 4,130,000.00	4,800,000.00	4,130,000.00	4,800,000.00
	<u>\$ 4,130,000.00</u>	<u>4,800,000.00</u>	<u>4,130,000.00</u>	<u>4,800,000.00</u>

The note was originally issued on August 11, 2011 and is due and payable on August 6, 2015 with interest at 1.00%. As of December 31, 2014 the Township has authorized but not issued bonds in the amount of \$3,541,000.00 in the General Capital Fund.

NOTE 7: LONG TERM DEBT

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

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 2,704,539.15	98,485.85	-	2,803,025.00	-
General Capital Fund:					
Bonds Payable	10,435,000.00		2,175,000.00	8,260,000.00	2,180,000.00
Green Trust Loans	1,548,479.57		93,863.76	1,454,615.81	95,750.42
Total long-term liabilities	<u>\$ 14,688,018.72</u>	<u>98,485.85</u>	<u>2,268,863.76</u>	<u>12,517,640.81</u>	<u>2,275,750.42</u>

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

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 2,803,025.00		462,698.41	2,340,326.59	-
General Capital Fund					
Bonds Payable	8,260,000.00		2,180,000.00	6,080,000.00	2,180,000.00
Green Trust Loans	1,454,615.81		95,750.42	1,358,865.39	97,675.02
Total long-term liabilities	<u>\$ 12,517,640.81</u>	<u>-</u>	<u>2,738,448.83</u>	<u>9,779,191.98</u>	<u>2,277,675.02</u>

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Green Trust Loans Issued and Outstanding

Year Ending December 31	General Capital Fund	
	Principal	Interest
2015	\$ 2,277,675.02	237,391.38
2016	1,599,638.28	156,978.09
2017	1,301,641.00	94,725.37
2018	1,303,684.01	44,682.38
2019	105,768.04	18,598.34
2020-2024	561,596.90	60,234.92
2025-2029	288,862.14	9,617.23
	<u>\$ 7,438,865.39</u>	<u>622,227.71</u>

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 12,238,865.39	13,844,615.81	15,308,479.57
Total Issued	<u>12,238,865.39</u>	<u>13,844,615.81</u>	<u>15,308,479.57</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	3,541,000.00	3,110,000.00	2,835,000.00
Total Authorized But Not Issued	<u>3,541,000.00</u>	<u>3,110,000.00</u>	<u>2,835,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 15,779,865.39</u>	<u>16,954,615.81</u>	<u>18,143,479.57</u>

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

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 0.423%.

	Gross Debt	Deductions	Net Debt
Municipal/County General Obligations	31,811,019.39	16,031,154.00	15,779,865.39
School Debt	3,031,986.62	3,031,986.62	-
	<u>\$ 34,843,006.01</u>	<u>\$ 3,031,986.62</u>	<u>\$ 15,779,865.39</u>

Net Debt \$15,779,865.39 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,726,677,656.67 = 0.423%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 130,433,717.98
Net Debt	15,779,865.39
Remaining Borrowing Power	<u>\$ 114,653,852.59</u>

Description of Bonds and Loans Payable

At December 31, 2014, bonds payable in the General Capital Fund consisted of the following individual issues:

\$4,700,000.00 General Improvement Bonds dated December 15, 2004, due in annual installments beginning December 15, 2007 through December 15, 2016, bearing interest at various rates from 3.375% to 3.750% per annum. The balance remaining as of December 31, 2014, is \$1,000,000.00.

\$8,800,000.00 General Improvement Bonds dated April 1, 2009, due in annual installments beginning April 1, 2010 through April 1, 2018, bearing interest at various rates from 3.000% to 4.000% per annum. The balance remaining as of December 31, 2014, is \$4,400,000.00.

\$2,720,000.00 General Improvement Refunding Bonds dated August 15, 2011, due in annual installments beginning July 15, 2012 through July 15, 2015, bearing interest at various rates from 2.000% to 4.000% per annum. The balance remaining as of December 31, 2014, is \$680,000.00.

\$800,000.00 State of New Jersey Green Trust Loans dated 2006, due in semi-annual installments beginning in 2007 through 2026, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2014, is \$508,803.30.

\$900,000.00 State of New Jersey Green Trust Loans dated 2007, due in semi-annual installments beginning in 2007 through 2027, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2014, is \$616,261.51.

\$300,000.00 State of New Jersey Green Trust Loans dated 2009, due in semi-annual installments beginning in 2010 through 2029, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2014, is \$233,800.58.

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

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 and 2014 were as follows:

		<u>2014</u>	<u>2013</u>
Current Fund	\$	1,800,000.00	2,065,000.00

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, 2014, the following deferred charges are shown on the balance sheets of the current fund.

	Balance December 31, 2014	2015 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 328,000.00	217,000.00	111,000.00
	<u>328,000.00</u>	<u>217,000.00</u>	<u>111,000.00</u>

NOTE 10: SCHOOL TAXES

Local District School Tax in the amounts of \$15,529,080.00 and \$15,102,039.00 have been raised for the 2014 and 2013 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any.

Regional High School Tax in the amounts of \$12,027,933.00 and \$11,817,960.00 have been raised for the 2014 and 2013 calendar years and remitted to the regional high school district.

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

	<u>12/31/2014</u>	<u>12/31/2013</u>
Balance of Tax Deferred	\$ 5,908,980.02	5,583,341.92
Deferred	(104,986.48)	(325,638.10)
Balance of Tax Deferred	<u>\$ 6,013,966.50</u>	<u>5,908,980.02</u>

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

NOTE 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/14	Balance 12/31/13
Prepaid Taxes	\$ 971,912.70	910,198.66
Cash Liability for Taxes Collected in Advance	\$ 971,912.70	910,198.66

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is 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 systems. 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.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 10.51% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$504,295.04, \$565,170.51 and \$590,197.00.

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

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2014, 2013 and 2012 were \$755,538.00, \$931,563.00 and \$874,850.00.

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$10,190,016.30, \$10,140,758.33 and \$9,930,109.60. Payroll covered by PERS was \$4,675,997.00, \$4,747,363.00 and \$4,518,117.00. Payroll covered by PRFS was \$3,501,866.00, \$3,465,574.00 and \$3,284,235.00.

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 those systems.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- 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; PFRS active member rate increase from 8.5% to 10%. 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 PFRS, and employer contributions to the retirement systems.

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal years 2012.

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

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: POST-RETIREMENT BENEFITS

The Township utilizes Amerihealth to provide post-retirement benefits. During 2014, the Township provided post-employment health care benefits to forty four (44) retired employees. In accordance with GASB 45 and the State of New Jersey, the Township obtained an actuarial valuation of the liability for providing these benefits.

As of December 31, 2014, the actuarial valuation report was based on 131 participants including 44 retirees and dependent spouses. The actuarial determined valuation of these benefits has been reviewed and will be reviewed annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest. The Actuarial Accrued Liability (AAL) as of December 31, 2014 is \$28,446,878 based upon a discount rate of 4.50% per annum and the plan provisions in effect as of yearend. As of the measurement date, the plan has no assets to offset any portion of the Actuarial Accrued Liability (AAL), therefore the UAAL and AAL are equal.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Other Post-Employment Benefit Costs and Obligations

In the December 31, 2014 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2014 was projected as follows:

	12/31/2014
Normal Cost	\$ 208,116
AAL	28,446,878
Less Assets	-
UAAL	28,446,878
30 Year Amortization of UAAL at Discount Rate	1,746,398
Total ARC	\$ <u>1,954,514</u>

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by, either charges to operations, or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2014, the Township estimates this liability to approximate \$2,340,326.59 based on 2014 pay rates and compensated absence balances. The Township has established a reserve in the amount of \$180,000.00 to offset this liability.

NOTE 15: ECONOMIC DEPENDENCY

The Township of Lower is not economically dependent on any one funding agency within the Township or the State of New Jersey.

NOTE 16: RISK MANAGEMENT

The Township 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 Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2014 and 2013 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

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

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for the amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 145,260.51	112,561.18	33,314.63
2013	90,293.10	130,782.26	615.30
2012	76,202.96	99,206.49	41,104.46

NOTE 17: DEFERRED COMPENSATION

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1999, the Township of Lower amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (Township of Lower) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

ICMA Retirement Corporation

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2014, the following interfunds were included on the balance sheets of the various funds of the Township of Lower:

	<u>Due From</u>	<u>Due To</u>
Current Fund		270,046.02
Grant Fund	270,046.02	
	\$ <u>270,046.02</u>	<u>270,046.02</u>

The amounts due to the Grant fund from the Current fund are for amounts appropriated in the Townships budget.

NOTE 20: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 5, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Council
Township of Lower, 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 regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township of Lower's basic financial statements, and have issued our report thereon dated June 5, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Lower's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Lower's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lower'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 of Lower's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 5, 2015

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's	Program or Award Amount	Unexpended Balance Dec. 31, 2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Unexpended Balance Dec. 31, 2014	(Memo Only) Total Cumulative Federal Expenditures
Federal:									
Department of Housing and Urban Development									
Passed Through NJ Department of Community Affairs									
Small Cities Program 2013 (Housing)	2/1/13-1/1/14	14.228	200,000.00	162,721.92		60,415.73		102,306.19	60,415.73
Small Cities Program 2013 (ADA)	2/1/13-1/1/14	14.228	400,000.00	400,000.00		399,515.25		484.75	399,515.25
Small Cities (Revolving Loan) Trust Fund	open	14.228	on-going	759,280.00	65,507.37	18,871.68		805,915.69	18,871.68
				<u>1,322,001.92</u>	<u>65,507.37</u>	<u>478,802.66</u>	<u>-</u>	<u>908,706.63</u>	
Total U.S. Department of Housing & Urban Development									
U.S. Department of Justice									
Passed Through NJ Department of Law and Public Safety									
Body Armor Grant	1/1/13-12/31/13	16.607	1,560.00	935.06		935.06		-	935.06
Body Armor Grant	1/1/14-12/31/14	16.607	8,905.77	-	8,905.77	6,670.77		2,235.00	6,670.77
Bullet Proof Vest Partnership	1/1/13-12/31/13	16.607	3,915.06	2,006.59		2,006.59		-	2,006.59
Bullet Proof Vest Partnership	1/1/14-12/31/14	16.607	11,275.65	-	11,275.65	2,361.58		8,914.07	2,361.58
				<u>2,941.65</u>	<u>20,181.42</u>	<u>11,974.00</u>	<u>-</u>	<u>11,149.07</u>	
Total US Department of Justice									
				<u>\$ 1,324,943.57</u>	<u>85,688.79</u>	<u>490,776.66</u>	<u>-</u>	<u>919,855.70</u>	

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's	Program or Award Amount	Balance Dec. 31, 2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2014	(Memo Only) Total Cumulative State Expenditures
State of New Jersey									
NJ Department of Environmental Protection Clean Communities Act	1/1/14 - 12/31/14	4900-765-042-4900-004	65,187.69 \$	-	65,187.69	65,187.69	-	-	65,187.69
Green Communities	Prior Years	100-042-1870-038	39,371.72	3,000.00	39,371.72	39,371.72	(3,000.00)	-	39,371.72
Recycling Tonnage	1/1/14 - 12/31/14	4900-752-042-4900-001	7,500.00	-	-	-	-	7,500.00	-
Tree Planting Grant	Prior Years		88,680.93	-	-	-	(88,680.93)	-	-
Neighborhood Preservation	Prior Years		34,164.00	-	-	-	(34,164.00)	-	-
Neighborhood Rehabilitation Grant			133,344.93	104,559.41	104,559.41	104,559.41	(125,844.93)	7,500.00	-
NJ Office of Information Technology Enhanced 9-1-1 Assist Grant	Prior Years	2034-100-082-SBE7-081	13,040.65	13,040.65	-	-	-	13,040.65	-
Department of Transportation Transportation Trust Fund Authority Act	1/1/13 - 12/31/13		175,000.00	175,000.00	175,000.00	175,000.00	-	-	175,000.00
Reconstruction of Clubhouse Road			1,909.50	1,909.50	1,909.50	1,909.50	-	-	5,000.00
Emergency Management Agency Emergency Management Assistance	Prior Years		5,000.00	5,000.00	915.50	915.50	-	4,084.50	915.50
Emergency Management Assistance	1/1/14 - 12/31/14		5,000.00	-	-	-	-	5,000.00	-
Total Emergency Management Agency			6,909.50	5,000.00	5,000.00	2,825.00	-	9,084.50	-
NJ Division of Law and Public Safety Division of Motor Vehicles	Prior Years		196.32	196.32	196.32	196.32	(0.00)	-	196.32
NJDHTS - Over the Limit Under Arrest	1/1/14 - 12/31/14		4,000.00	-	-	-	-	-	1,200.00
Cops in Shops	1/1/13 - 12/31/13		357.38	357.38	1,200.00	1,200.00	-	-	-
Click it or Ticket	1/1/14 - 12/31/14		4,000.00	-	-	-	(357.38)	-	3,999.99
Click it or Ticket	1/1/13 - 12/31/13		4,000.00	4,000.00	3,999.99	3,999.99	(0.01)	0.00	505.21
Drive Sober or Get Pulled Over	1/1/14 - 12/31/14		16,900.00	-	16,900.00	16,900.00	-	8,766.03	8,133.97
Drive Sober or Get Pulled Over	Prior Years		14,968.72	14,968.72	12,747.12	12,747.12	(51,429.32)	2,221.60	22,582.34
Drunk Driving Enforcement Fund	Prior Years		39,261.00	39,261.00	34,836.88	34,836.88	-	4,424.12	34,836.88
Alliance Funds	1/1/14 - 12/31/14		90,039.29	61,361.00	84,201.83	84,201.83	(51,786.71)	15,411.75	-
Alliance Funds			30.40	30.40	30.40	30.40	0.00	0.00	30.40
Total NJ Division of Law and Public Safety			593.59	1,380.09	1,380.09	969.60	-	410.49	969.60
State of New Jersey Police Alcohol Education and Rehabilitation	1/1/13 - 12/31/13	9735-760-098-Y900-001	1,380.09	-	-	-	-	-	-
Alcohol Education and Rehabilitation	1/1/14 - 12/31/14	9735-760-098-Y900-001	30.40	30.40	1,000.00	1,000.00	-	410.49	-
Total State of New Jersey Police			418,364.77	172,300.50	367,586.24	367,586.24	(177,631.64)	45,447.39	-
Total State Assistance			\$ 1,743,308.34	257,989.29	858,362.90	858,362.90	(177,631.64)	965,303.09	-
Total Federal Awards and State Financial Assistance									

**NOTES TO SCHEDULE OF EXPENDITURES
OF STATE AND FEDERAL AWARDS
DECEMBER 31, 2014**

Note 1: BASIS OF PRESENTATION

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

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the Township's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the Township's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 471,904.98	367,586.24	839,491.22
Trust Fund	18,871.68		18,871.68
Total Financial Assistance	<u>\$ 490,776.66</u>	<u>367,586.24</u>	<u>858,362.90</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2013	\$ 5,744,728.47	-
Increased by Receipts:		
Tax Collector	57,000,460.85	
Tax Title Liens	3,173.19	
Prepaid Taxes	971,912.70	
Prepaid Bulk Trash	18,500.75	
Revenue Accounts Receivable	3,849,097.67	
Miscellaneous Revenue	199,908.28	
Due from State of New Jersey - Senior Citizens & Veterans	413,587.66	
Due to Lower Township MUA	191,928.27	
Due to State of New Jersey - Marriage Licenses	3,830.00	
Permit Surcharge Fees	27,479.00	
Due to Current		592,322.25
Due from Trust - Accumulated Absences	164,173.44	
Due to Grant Fund	771,715.58	
Due to General Capital Fund	2,029,345.62	
Federal and State Unallocated		133,526.42
Federal and State Receivables		719,605.67
	65,645,113.01	1,445,454.34
	71,389,841.48	1,445,454.34
Decreased by Disbursements:		
Current Year Appropriation	22,016,937.30	
Prior Year Appropriations	654,320.82	
Accounts Payable	1,226.00	
Tax Overpayments	26,600.11	
Prepaid Bulk Trash	18,751.00	
County Taxes	9,276,045.07	
County Added and Omitted Taxes	14,867.09	
Local District School Taxes	15,529,080.00	
Regional School Taxes	11,922,946.50	
Fire District Taxes	2,158,972.00	
Due to Lower Cape May Regional	4,291.22	
Due to State of New Jersey - Marriage Licenses	4,255.00	
Permit Surcharge Fees	26,301.00	
Due to Lower Township MUA	191,928.27	
Due from Current		771,715.58
Due to Trust - Accumulated Absences	303,630.04	
Due to Grant Fund	592,322.25	
Due from General Capital Fund	2,029,345.62	
Reserve for Reassessment	27,273.00	
Federal and State Disbursements		673,738.76
	64,799,092.29	1,445,454.34
Balance December 31, 2014	\$ <u>6,590,749.19</u>	<u>-</u>

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2014
				2013	2014				
Arrears 2013	\$ 3,031.03				123.12	2,266.91		1,719.74	2,360.74
	807,118.47			769,610.47		27,663.62	5,266.15		4,578.23
	810,149.50	-	-	769,733.59		29,930.53	5,266.15	1,719.74	6,938.97
2014	-	58,413,936.87	90,904.75	910,198.66	56,612,456.80	36,288.98	20,855.71	(1,719.74)	923,321.73
	\$ 810,149.50	58,413,936.87	90,904.75	910,198.66	57,382,190.39	66,219.51	26,121.86	-	930,260.70

57,000,460.85	Cash Receipts
424,467.80	Senior Citizens and Veterans
(42,738.26)	Other
<u>57,382,190.39</u>	

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax	56,248,500.23
Special District Taxes	2,165,436.64
Added Taxes (54:4-63.1 et. Seq.)	90,904.75
	<u>58,504,841.62</u>

Tax Levy:

General County Taxes	7,820,710.84
County Library Taxes	1,082,641.62
County Open Space Taxes	372,692.61
County Health Taxes	
County Added and Omitted Taxes	13,663.59
Total County Taxes	<u>9,289,708.66</u>

Local School District Tax	15,529,080.00
Additional Local School District Tax	-
Regional School District Tax	12,027,933.00
Special District Taxes	2,158,972.00

Local Tax for Municipal Purposes	19,268,529.55
Add: Additional Tax Levied	230,618.41
	<u>19,499,147.96</u>

58,504,841.62

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

Balance December 31, 2013		\$	173,042.39
Increased by:			
Transfers from Taxes Receivable	26,121.86		
Lot Clearing	2,170.00		
Interest and Costs Accrued by Sale of March 25, 2014	481.09		
			28,772.95
			201,815.34
Decreased by:			
Collections	3,173.19		
			3,173.19
Balance December 31, 2014		\$	198,642.15
Lower Township MUA Charges and Costs			7,848.36
Township Liens			190,793.79
			198,642.15

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer Other	
Licenses:					
Alcoholic Beverages	-	38,400.00		38,400.00	-
Other	-	244,963.70		244,963.70	-
Fees and Permits	-	79,435.55		79,435.55	-
Fines and Costs:					
Municipal Court	10,821.47	119,326.88		123,090.52	7,057.83
Interest and Costs on Taxes	-	178,670.56		178,670.56	-
Interest Earned on Investments	-	4,308.13		4,308.13	-
Recreation Fees	-	48,197.23		48,197.23	-
Payment in Lieu of Taxes	-	115,071.84		115,071.84	-
Cable TV Franchise Fee	-	125,377.69		125,377.69	-
Bulk Trash Receipts	-	84,422.15		84,422.15	-
Consolidated Municipal Property Tax Relief Aid	-	51,098.00		51,098.00	-
Energy Receipts Tax	-	1,424,693.00		1,424,693.00	-
Garden State Preservation Trust	-	87,437.00		87,437.00	-
Uniform Construction Code Fees	-	512,110.15		512,110.15	-
Uniform Fire Code	-	269,584.97		269,584.97	-
Escrow Surplus	-	2,137.50		2,137.50	-
Boards of Education - Special Police	-	145,323.28		145,323.28	-
County Interlocal - Garage Services	-	42,205.00		42,205.00	-
Aid from Fire Districts #1, 2 and 3	-	57,000.00		57,000.00	-
Insurance Stop Loss Revenues	-	215,571.40		215,571.40	-
Miscellaneous Revenue Not Anticipated		199,908.28		199,908.28	-
	<u>10,821.47</u>	<u>4,045,242.31</u>	<u>-</u>	<u>4,049,005.95</u>	<u>7,057.83</u>

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Office of Township Council					
Salaries and Wages	261.46	261.46		261.46	-
Other Expenses	362.07	362.07	362.07	-	-
Office of Township Clerk					
Salaries and Wages	3,885.67	3,885.67		3,885.67	-
Other Expenses	674.17	674.17	635.09	39.08	-
Elections					
Other Expenses	2,140.13	2,140.13		2,140.13	-
Office of Township Solicitor					
Salaries and Wages	160.04	160.04		160.04	-
Other Expenses	51,381.58	61,381.58	43,504.93	17,876.65	-
Office of Township Manager					
Salaries and Wages	2,871.74	2,871.74	2,788.98	82.76	-
Other Expenses	325.41	325.41	298.42	26.99	-
Department of Revenue and Finance					
Salaries and Wages	4,824.68	4,824.68	3,095.75	1,728.93	-
Other Expenses	1,058.89	1,058.89	860.69	198.20	-
Division of Tax Assessment					
Salaries and Wages	851.00	851.00		851.00	-
Other Expenses	347.96	347.96	41.00	306.96	-
Division of Tax Collection					
Salaries and Wages	1,549.84	2,049.84	1,660.75	389.09	-
Other Expenses					
Miscellaneous Other Expenses	433.05	433.05	199.99	233.06	-
Department of Planning and Development					
Salaries and Wages	372.68	2,872.68	2,511.95	360.73	-
Other Expenses	2,483.41	2,483.41	44.22	2,439.19	-
Engineering Services and Costs					
Salaries and Wages	3,346.11	3,346.11		3,346.11	-
Other Expenses	10,268.82	10,268.82	38.01	10,230.81	-
Department of Parks and Recreation					
Salaries and Wages	2,153.37	2,153.37	2,002.55	150.82	-
Other Expenses	17,297.93	14,297.93	12,588.86	1,709.07	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Department of Public Works					
Salaries and Wages	25,908.08	21,908.08	18,201.36	3,706.72	-
Other Expenses					
Sanitary Landfill	139,054.23	130,554.23	106,733.62	23,820.61	-
Miscellaneous Other Expenses	33,865.89	26,865.89	13,658.57	13,207.32	-
Public Buildings and Grounds					
Salaries and Wages	992.00	992.00	950.80	41.20	-
Other Expenses	36,961.95	16,961.95	10,817.70	6,144.25	-
PUBLIC SAFETY					
Department of Public Safety					
Salaries and Wages	20,863.77	17,863.77	7,780.73	10,083.04	-
Other Expenses	20,342.46	20,342.46	14,453.07	5,889.39	-
Uniform Fire Safety Act (PL 1983, Ch. 383)					
Salaries and Wages	0.08	0.08		0.08	-
Other Expenses	24,630.25	24,630.25	779.68	23,850.57	-
Emergency Management Services					
Salaries and Wages	0.14	0.14		0.14	-
Other Expenses	1,672.79	1,672.79		1,672.79	-
Police 911 Dispatchers					
Salaries and Wages	7,715.07	2,715.07		2,715.07	-
Other Expenses	830.01	830.01	250.27	579.74	-
OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:					
Animal Regulation					
Salaries and Wages	1,803.08	1,803.08		1,803.08	-
Other Expenses					
Miscellaneous Other Expenses	257.84	257.84	257.84	-	-
Municipal Court					
Salaries and Wages	1,490.26	1,990.26	1,493.80	496.46	-
Other Expenses	1,167.62	1,167.62	753.87	413.75	-
INSURANCE					
Workers Compensation Insurance	559.16	559.16	45.00	514.16	-
Employee Group Health	396,744.07	396,744.07	255,311.87	141,432.20	-
Health Benefit					
Salaries and Wages	4,416.66	4,416.66		4,416.66	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	3,373.02	3,373.02	2,808.17	564.85	-
Other Expenses	502.72	502.72	175.54	327.18	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNCLASSIFIED					
Celebration for Public Events or Holidays	10,320.03	10,320.03	10,308.00	12.03	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	29,618.14	20,118.14	13,492.94	6,625.20	-
Street Lighting	21,863.74	50,863.74	50,740.46	123.28	-
Telephone	6,765.40	6,765.40	6,123.96	641.44	-
Water	3,070.02	3,070.02	-	3,070.02	-
Natural Gas	5,127.52	8,627.52	8,627.52	-	-
Heating Oil	9,366.24	9,366.24	812.59	8,553.65	-
Gasoline	64,406.66	64,406.66	50,967.02	13,439.64	-
Contingent	300.00	300.00	-	300.00	-
REGULATORY EXPENDITURES					
Contributions to					
Public Employees' Retirement System	6,579.49	6,579.49	-	6,579.49	-
Social Security System (O.A.S.I.)	14,000.00	14,000.00	8,608.44	5,391.56	-
Unemployment Compensation Insurance	843.62	843.62	-	843.62	-
Police and Firemen's Retirement System	2.00	2.00	-	2.00	-
Defined Contribution Retirement Program	1,426.30	1,426.30	-	1,426.30	-
OPERATIONS EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
Supplemental Fire Services Program	1.00	1.00	-	1.00	-
Fire District Direct Program					
	<u>\$ 989,891.32</u>	<u>989,891.32</u>	<u>654,786.08</u>	<u>335,105.24</u>	<u>-</u>
		Cash Disbursements	654,320.82		
		Accounts Payable	<u>465.26</u>		
			<u><u>654,786.08</u></u>		

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

Balance December 31, 2013			
School Tax Payable	\$	-	
School Tax Deferred		-	
		-	\$ -
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			15,529,080.00
			15,529,080.00
Decreased by:			
Payments			15,529,080.00
Balance December 31, 2014			
School Tax Payable		-	
School Tax Deferred		-	
		-	-
Current Year Liability for Local School District School Tax:			
Tax Paid			15,529,080.00
Tax Payable Ending			-
			15,529,080.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 15,529,080.00

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

Balance December 31, 2013			
School Tax Payable	\$	-	
Adjustment		0.02	
School Tax Deferred		<u>5,908,980.00</u>	
			\$ 5,908,980.02
Increased by:			
Levy - Calendar Year January 1, 2014 to December 31, 2014			<u>12,027,933.00</u>
			17,936,913.02
Decreased by:			
Payments			<u>11,922,946.50</u>
Balance December 31, 2014			
School Tax Payable		-	
School Tax Deferred		<u>6,013,966.50</u>	
			<u>6,013,966.52</u>
Current Year Liability for Regional High School Tax:			
Tax Paid			11,922,946.50
Tax Payable Ending			<u>-</u>
			11,922,946.50
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 11,922,946.50</u>

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

Purpose	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Adjust/ Cancelled	Balance Dec. 31, 2014
FEDERAL GRANTS:					
Small Cities Program (Outfalls & Housing)	\$ 61,421.00		91,952.00	(30,531.00)	-
Small Cities Program (ADA)	400,000.00		400,000.00		-
Small Cities Program (Housing)	200,000.00		37,278.08		162,721.92
Body Armor	-	8,558.65	3,958.41		4,600.24
Total Federal	<u>661,421.00</u>	<u>8,558.65</u>	<u>533,188.49</u>	<u>(30,531.00)</u>	<u>167,322.16</u>
STATE GRANTS:					
Alliance Funds (Lower Consortium)	44,286.95			27,524.29	17,911.96
Neighborhood Preservation	54,662.83	39,261.00	38,111.70	54,662.83	-
Division of Culture Heritage	2,018.80			2,018.80	-
Over the Limit - Under Arrest	205.26		4,800.00	205.26	12,100.00
NJ DOT Trust Fund - Reconstruction of Clubhouse	175,000.00		131,250.00		43,750.00
Click it or Ticket	4,000.00		4,000.00		4,000.00
Green Communities	3,000.00			3,000.00	-
Cops in Shops	200.00		1,200.00	200.00	-
Total State	<u>283,373.84</u>	<u>61,361.00</u>	<u>179,361.70</u>	<u>87,611.18</u>	<u>77,761.96</u>
OTHER GRANTS:					
Atlantic County JIF	3,555.48				-
Cape May County - Open Space	-		7,055.48		448,571.00
Total State	<u>3,555.48</u>	<u>452,071.00</u>	<u>7,055.48</u>	<u>-</u>	<u>448,571.00</u>
Total	<u>\$ 948,350.32</u>	<u>521,990.65</u>	<u>719,605.67</u>	<u>57,080.18</u>	<u>693,655.12</u>

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

	Balance December 31, 2013		2014		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2014
	Appropriated	Reserve for Encumbrances	Appropriations	Appropriations				
FEDERAL GRANTS:								
Small Cities Program (SCPF)	-	26,967.76			26,967.76			-
Small Cities Program (ADA)	400,000.00				397,383.25	2,132.00		484.75
Small Cities Program (Housing)	162,721.92				44,716.73	15,699.00		102,306.19
Bullet Proof Vest Partnership	2,006.59	745.00		11,275.65	5,113.17			8,914.07
Body Armor Grant	935.06			8,905.77	6,115.83	1,490.00		2,235.00
Total Federal	565,663.57	27,712.76	20,181.42	480,296.74	19,321.00	-	-	113,940.01
STATE GRANTS:								
NJ Emergency Management Grant	6,909.50			5,000.00	2,825.00			9,084.50
Alliance Funds (Lower Consortium)	74,011.66	4,279.56		39,261.00	36,699.78	24,999.00	51,429.32	4,424.12
Clean Communities	-			65,187.69	65,187.69			-
Alcohol Education and Rehabilitation	30.40			1,380.09	1,000.00			410.49
Drunk Driving Enforcement Fund	14,968.72			11,475.12	11,475.12	1,272.00		2,221.60
Tree Planting Grant	7,500.00							7,500.00
Neighborhood Preservation	88,680.93				196.32		88,680.93	-
Neighborhood Rehabilitation Grant	34,164.00				3,999.99		34,164.00	-
Over the Limit Under Arrest	196.32			4,000.00	3,999.99			-
Click it or Ticket	357.38			39,371.72	39,371.72		357.39	-
Recycling Tonnage Grant	-							-
NJ Office of Information Technology - 911 Grant	13,040.65			1,200.00	1,200.00			13,040.65
Cops in Shops	-							-
Green Communities	3,000.00						3,000.00	-
Drive Sober or Pullover	505.21			16,900.00	8,639.18			8,766.03
NJ DOT Trust Fund - Reconstruction of Clubhouse Drive	175,000.00					175,000.00		-
Total State	418,364.77	4,279.56	172,300.50	170,594.80	201,271.00	177,631.64	-	45,447.39
OTHER GRANTS:								
Beautification of Township	5,570.67				3,500.00			2,070.67
Atlantic County JIF	-	547.27					547.27	-
Safety JIF	-			3,500.00	3,500.00			-
Walmart Sustainable Jersey Small Grant	1,000.00						1,000.00	-
Comcast (Twp Share)	50,000.00				2,533.04			47,466.96
Comcast (LCMR Share)	29,134.54				13,314.18			27,062.82
Cape May County - Open Space	-			448,571.00				448,571.00
Total Other	85,705.21	11,789.73	452,071.00	22,847.22	-	1,547.27	-	525,171.45
Total	1,069,733.55	43,782.05	644,552.92	673,738.76	220,592.00	179,178.91	-	684,558.85

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

<u>Purpose</u>	Balance Dec. 31, 2013	Transferred To 2014 Appropriations	Received	Adjustments	Balance Dec. 31, 2014
FEDERAL GRANTS:					
Body Armor	\$ 7,897.77	11,622.77	3,725.00		-
Total Federal	<u>7,897.77</u>	<u>11,622.77</u>	<u>3,725.00</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
Alcohol Education and Rehabilitation	316.65	1,380.09	1,063.44		-
Recycling Tonnage Grant	39,371.72	39,371.72	51,164.49		51,164.49
Drunk Driving Enforcement Fund	-		7,385.80		7,385.80
NJ Emergency Management Grant	-	5,000.00	5,000.00		-
Clean Communities	-	65,187.69	65,187.69		-
Total State	<u>39,688.37</u>	<u>110,939.50</u>	<u>129,801.42</u>	<u>-</u>	<u>58,550.29</u>
	<u>\$ 47,586.14</u>	<u>122,562.27</u>	<u>133,526.42</u>	<u>-</u>	<u>58,550.29</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2013		\$	9,222.00
Increased By Receipts:			
Dog Licenses Fees	3,724.80		
State License Fees	2,358.60		
Late Fees Collected	705.00		
Interest	7.05		
	<u> </u>		<u>6,795.45</u>
			16,017.45
Decreased By Disbursements:			
State of New Jersey	2,355.00		
Animal Control Expenditures	4,580.85		
	<u> </u>		<u>6,935.85</u>
Balance December 31, 2014		\$	<u><u>9,081.60</u></u>

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

		Other
Balance December 31, 2013	\$	1,391,286.84
Increased By Receipts:		
Unemployment	145,260.51	
AFLAC Flex	799.92	
DARE Receipts	1,227.07	
Group Insurance	200,003.52	
Police Forfeiture	6,461.28	
Redemption of Tax Title Liens	817,553.22	
Premiums Received at Tax Sale	425,800.00	
Historic Commission	0.50	
Dedicated Recreation Fees	140,609.53	
Fire Safety	109,886.54	
Off Duty Police	39,467.20	
Joint Housing	34.36	
Small Cities Revolving Loan	65,473.01	
Accumulated Absences	369,112.65	
Performance Deposits	43,308.95	
Developers' Escrow	70,003.62	
Donations	29,350.99	
Snow Removal	7,000.00	
		2,471,352.87
		3,862,639.71

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	
Decreased By Disbursements:		
Payment of Unemployment Claims	112,561.18	
AFLAC Flex	799.82	
DARE Expenditures	1,077.90	
Police Investigative	180.00	
Police Forfeiture	2,523.90	
Refund of Tax Sale Certificates	815,646.61	
Refund of Premiums	370,400.00	
Public Defender	550.00	
Fire Safety Fees	3,942.01	
Dedicated Recreation Fees	139,493.19	
Off Duty Police	48,769.20	
Accumulated Absences	353,286.09	
Performance Deposits	51,870.72	
Developer's Escrow	100,995.27	
Snow Removal	6,402.31	
Donations	30,293.00	
Small Cities Revolving Loan	18,871.68	
		2,057,662.88
Balance December 31, 2014		\$ 1,804,976.83

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2013		\$	9,222.00
Increased By:			
Dog Licenses Fees Collected	3,724.80		
Late Fees Collected	705.00		
Interest	7.05		
			4,436.85
			13,658.85
Decreased By:			
Animal Control Expenditures	4,580.85		
			4,580.85
Balance December 31, 2014		\$	9,078.00

License Fees Collected	<u>Year</u>	
	2012	\$ 5,043.00
	2013	4,487.00
		9,530.00

TRUST FUND
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY

Balance December 31, 2013	\$	-
Increased By:		
License Fees Collected	2,358.60	
	2,358.60	2,358.60
Decreased By:		
Paid to State of New Jersey	2,355.00	
	2,355.00	2,355.00
Balance December 31, 2014	\$	3.60

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

Balance December 31, 2013		\$ 1,222,837.07
Increased by:		
Capital Improvement Fund	95,000.00	
Improvement Authorizations	102,477.97	
Bond Premium	25,536.00	
Bond Anticipation Notes	4,800,000.00	
	<hr/>	<hr/> 5,023,013.97
		6,245,851.04
Decreased by:		
Improvement Authorizations	1,409,442.94	
Reserve for Preliminary Expenses - Public Safety Bldg	14,209.00	
Bond Anticipation Notes	3,996,000.00	
	<hr/>	<hr/> 5,419,651.94
Balance December 31, 2014		\$ <u><u>826,199.10</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance	
	Dec. 31, 2013								Dec. 31, 2014	
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$	97,927.10								123,463.10
Capital Improvement Fund		256,323.00	25,536.00			127,000.00				224,323.00
Encumbrances Payable		720,571.71	95,000.00			720,571.71				734,591.74
Reserve for Preliminary Expenses - Public Safety Bldg		-			14,209.00	22,991.00				12,800.00
<u>Improvement Authorizations:</u>										
04-07 Various Capital Improvements		6,646.82			8,621.82		1,975.00			-
05-09 Recreation Development Project		66,493.11			38,301.31		34,003.58			62,195.38
05-13 Various Capital Improvements		20,931.89	986.10		872.92	5,158.85	7,089.80			22,976.02
05-20 Engineering Services		5,090.00					5,513.75			10,603.75
07-14 Various Capital Improvements		55,554.81			37,906.99		26,440.91			44,088.73
08-15 ADA Improvements to Township Hall		1,963.07								1,963.07
08-20 Various Capital Improvements		131,028.93			19,776.75		14,224.88			125,477.06
09-11 Roads/Drainage		27,253.59			1,750.00		7,270.00			32,773.59
09-12 Various Capital Improvements		31,590.67			11,086.55		17,416.06			37,920.18
10-08 Various Capital Improvements		107,287.30			93,792.23	14,222.75	44,203.56			43,475.88
10-09 Roads/Drainage		13,445.56					2,746.00			16,191.56
11-14 Various Capital Improvements		125,945.79			75,915.77		599.60			64,505.96
12-09 Acquisition of Various Equipment		5,650.37		154,000.00	121.73					5,528.64
12-10 Various Capital Improvements		(167,289.93)			277,976.98		12,634.85			(55,583.67)
12-16 Property Acquisition		7,582.38			7,582.38					0.00
12-19 Road and Drainage Improvements		88,200.00	38,760.87		70,454.10	302,439.99				(245,933.22)
13-10 Various Capital Improvements		(379,359.10)	62,731.00	650,000.00	568,123.90	71,466.75	296,294.54			(9,924.21)
14-10 Various Capital Improvements		-			197,159.51	305,077.95	77,000.00			(425,237.46)
	\$	<u>1,222,837.07</u>	<u>223,013.97</u>	<u>804,000.00</u>	<u>1,423,651.94</u>	<u>1,582,163.45</u>	<u>1,582,163.45</u>			<u>826,199.10</u>

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

Balance December 31, 2013		\$ 256,323.00
Increased by:		
Budget Appropriation	95,000.00	
	<hr/>	<hr/>
		95,000.00
		351,323.00
Decreased by:		
Improvement Authorizations Funded	77,000.00	
Public Safety Building #14-213	50,000.00	
	<hr/>	<hr/>
		127,000.00
Balance December 31, 2014		\$ <u><u>224,323.00</u></u>

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

Balance December 31, 2013		\$ 9,714,615.81
Increased by:		
None	-	
	-	-
		9,714,615.81
Decreased by:		
Serial Bonds Paid	1,500,000.00	
Green Trust Loan Principal Paid	95,750.42	
NJEIT Bonds & Loans	680,000.00	
	2,275,750.42	2,275,750.42
Balance December 31, 2014		\$ <u><u>7,438,865.39</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Authorizations		Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
04-07	Various Capital Improvements	4/19/2004	1,600,000	\$	6,646.82			6,646.82		
05-09	Recreation Development Project	5/2/2005	555,000		66,493.11			4,297.73	62,195.38	
05-13	Various Capital Improvements	7/6/2005	2,500,000		20,931.89			(2,044.13)	22,976.02	
05-20	Engineering Services	10/3/2005	46,250		5,090.00			(5,513.75)	10,603.75	
07-14	Various Capital Improvements	7/2/2007	2,365,000			55,554.81		11,466.08		44,088.73
08-15	ADA Improvements to Township Hall	8/18/2008	189,996		1,963.07				1,963.07	
08-20	Various Capital Improvements	10/6/2008	795,000			131,028.93		5,551.87		125,477.06
09-11	Roads/Drainage	8/17/2009	300,000		300,000	27,253.59		(5,520.00)		32,773.59
09-12	Various Capital Improvements	8/17/2009	436,000		436,000	31,590.67		(6,329.51)		37,920.18
10-08	Various Capital Improvements	9/8/2011	970,000		107,287.30			63,811.42		43,475.88
10-09	Roads/Drainage	9/8/2011	445,000		13,445.56			(2,746.00)		16,191.56
11-14	Various Capital Improvements	8/1/2012	440,000		125,945.79			61,439.83		64,505.96
12-09	Acquisition of Various Equipment	5/7/2012	45,000		5,650.37			121.73	5,528.64	
12-10	Various Capital Improvements	5/7/2012	905,000		162,710.07			42,293.74		120,416.33
12-16	Property Acquisition	7/16/2012	210,000			7,582.38		7,582.38		
12-19	Road and Drainage Improvements	8/20/2012	1,790,000		88,200.00			334,133.22		1,454,066.78
13-10	Various Capital Improvements	6/3/2013	1,139,000		700,640.90			280,565.11		420,075.79
14-10	Various Capital Improvements	9/3/2014	1,312,000			77,000.00		502,237.46		809,762.54
					\$ 194,975.26	\$ 3,063,040.00	\$ 77,000.00	\$ 1,297,994.00	\$ 103,266.86	\$ 3,168,754.40

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
General Improvements	12/15/2004	4,700,000	12/15/2015	500,000.00	3.500%	1,500,000.00		500,000.00	1,000,000.00
			12/15/2016	500,000.00	3.625%				
General Improvements	4/1/2009	8,800,000	4/1/2015	1,000,000.00	3.000%	5,400,000.00		1,000,000.00	4,400,000.00
			4/1/2016	1,000,000.00	3.125%				
			4/1/2017	1,200,000.00	3.500%				
			4/1/2018	1,200,000.00	4.000%				
						\$ 6,900,000.00		1,500,000.00	5,400,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS - GENERAL**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding	Interest Rate	Balance		Decreased	Balance Dec. 31, 2014
					Dec. 31, 2013	Dec. 31, 2014		
General Refunding Issue of 2011	8/31/2011	2,720,000	7/15/2015	4.000%	\$ 1,360,000.00	1,360,000.00	680,000.00	680,000.00
					\$ 1,360,000.00	-	680,000.00	680,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Recreation Development Various	2006	800,000	2015	39,768.34	2.000%	547,788.04		38,984.74	508,803.30
			2016	40,567.68					
			2017	41,383.08					
			2018	42,214.90					
			2019	43,063.40					
			2020	43,928.98					
			2021	44,811.96					
			2022	45,712.68					
			2023	46,631.52					
			2024	47,568.78					
			2025	48,524.94					
		2026	24,627.04						
Recreation Development Various	2007	900,000	2015	43,857.84	1.000%	659,255.17		42,993.66	616,261.51
			2016	44,739.38					
			2017	45,638.64					
			2018	46,555.98					
			2019	47,491.76					
			2020	48,446.34					
			2021	49,420.11					
			2022	50,413.45					
			2023	51,426.77					
			2024	52,460.44					
			2025	53,514.90					
		2026	54,590.55						
		2027	27,705.35						

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Bennett's Crossing	2009	300,000	2015	14,048.84	1.000%	247,572.60		13,772.02	233,800.58
			2016	14,331.22					
			2017	14,619.28					
			2018	14,913.13					
			2019	15,212.88					
			2020	15,518.66					
			2021	15,830.58					
			2022	16,148.78					
			2023	16,473.37					
			2024	16,804.48					
			2025	17,142.26					
			2026	17,486.82					
			2027	17,838.30					
		2028	18,196.85						
		2029	9,235.13						
						\$ 1,454,615.81		95,750.42	1,358,865.39

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Decreased	Balance Dec. 31, 2014
						Dec. 31, 2013	Increased		
Various Capital Improvements	07-14	8/11/2011	8/8/2013	8/7/2014	1.000%	\$	375,000.00	375,000.00	-
			8/6/2014	8/6/2015	1.000%		347,000.00		347,000.00
Various Capital Improvements	08-20	8/11/2011	8/8/2013	8/7/2014	1.000%		755,000.00	755,000.00	-
			8/6/2014	8/6/2015	1.000%		699,000.00		699,000.00
Stormwater Outfall Extensions	09-11	8/11/2011	8/8/2013	8/7/2014	1.000%		245,000.00	245,000.00	-
			8/6/2014	8/6/2015	1.000%		241,000.00		241,000.00
Various Capital Improvements	09-12	8/11/2011	8/8/2013	8/7/2014	1.000%		335,000.00	335,000.00	-
			8/6/2014	8/6/2015	1.000%		311,000.00		311,000.00
Road and Drainage Improvements	10-09	8/11/2011	8/8/2013	8/7/2014	1.000%		415,000.00	415,000.00	-
			8/6/2014	8/6/2015	1.000%		393,000.00		393,000.00
Various Capital Improvements	10-08	8/9/2012	8/8/2013	8/7/2014	1.000%		905,000.00	905,000.00	-
			8/6/2014	8/6/2015	1.000%		905,000.00		905,000.00
Various Capital Improvements	11-14	8/9/2012	8/8/2013	8/7/2014	1.000%		400,000.00	400,000.00	-
			8/6/2014	8/6/2015	1.000%		400,000.00		400,000.00
Various Capital Improvements	12-10	8/9/2012	8/8/2013	8/7/2014	1.000%		500,000.00	500,000.00	-
			8/6/2014	8/6/2015	1.000%		654,000.00		654,000.00
Property Acquisition	12-16	8/8/2013	8/8/2013	8/7/2014	1.000%		200,000.00	200,000.00	-
			8/6/2014	8/6/2015	1.000%		200,000.00		200,000.00
Various Capital Improvements	13-10	8/6/2014	8/6/2014	8/6/2015	1.000%		-	650,000.00	650,000.00
						\$	<u>4,130,000.00</u>	<u>4,130,000.00</u>	<u>4,800,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Balance Dec. 31, 2014
12-10	Various Capital Improvements	\$ 330,000.00		154,000.00	176,000.00
12-19	Road and Drainage Improvements	1,700,000.00			1,700,000.00
13-10	Various Capital Improvements	1,080,000.00		650,000.00	430,000.00
14-10	Various Capital Improvements	-	1,235,000.00		1,235,000.00
		<u>\$ 3,110,000.00</u>	<u>1,235,000.00</u>	<u>804,000.00</u>	<u>3,541,000.00</u>

TOWNSHIP OF LOWER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2014

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 therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2011, the bid threshold was \$17,500. Pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$36,000 with the appointment of a qualified purchasing agent. The Township adopted the bid threshold of \$36,000.

The governing body of the Township of Lower 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 Council's opinion should be sought before a commitment is made.

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

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

- One New 2014 Ford F-550 4x4 Chassis with Dump Body, Plow and Spreader
- One New 2014 Ford F-350 Crew Pickup with Snow Plow
- Maintenance of Township Grounds and Parks
- Reconstruction of Clubhouse Drive
- Repairs at Millman Center
- One 2014 or Newer Six Wheel Loader Backhoe
- Six Mobile Data Recorders with installation and per unit pricing

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 Council of the Township of Lower, 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 Lower, 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 Council of the Township of Lower, 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 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2014.

This Resolution shall take effect January 6, 2014.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2014	35
2013	34
2012	30

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 and 2015 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2014 \$	58,504,841.62	57,522,655.46	98.32%
2013	57,677,480.93	56,642,986.19	98.21%
2012	55,662,327.90	54,111,897.69	97.21%
2011	55,571,637.19	54,386,397.99	97.87%
2010	55,353,129.76	54,118,125.83	97.77%

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 1.563	1.362	1.307	1.306	1.299
Apportionment of Tax Rate:					
Municipal	0.536	0.473	0.443	0.443	0.433
County	0.260	0.227	0.229	0.231	0.230
Local School	0.432	0.371	0.362	0.355	0.351
Regional School	0.335	0.291	0.273	0.277	0.285
Assessed Valuation	3,598,751,806	4,071,925,334	4,095,467,792	4,090,589,040	4,096,120,972
R = Reassessment	R				R

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 five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2014 \$	190,793.79	930,260.70	1,121,054.49	1.92%
2013	165,194.03	810,149.50	975,343.53	1.69%
2012	148,877.92	1,173,015.37	1,321,893.29	2.37%
2011	134,332.00	1,094,143.11	1,228,475.11	2.21%
2010	116,276.49	1,217,208.82	1,333,485.31	2.41%

Uniform Construction Code

The Township of Lower's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

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 municipal funds were deposited within the mandated time.

FINDINGS AND RECOMMENDATIONS

NONE

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

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393