

TOWNSHIP OF LAFAYETTE

COUNTY OF SUSSEX

REPORT OF AUDIT

2013

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
REPORT OF AUDIT
2013

TOWNSHIP OF LAFAYETTE
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TOWNSHIP OF LAFAYETTE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013



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Mt. Arlington, NJ 07856
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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Lafayette
Lafayette, New Jersey

Report on the Financial Statements

We have audited the financial statements – regulatory basis - of the various funds of the Township of Lafayette, in the County of Sussex (the "Township") as of and for the years ended December 31, 2013 and 2012, and the related notes to the 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Township'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 Township'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.

The Honorable Mayor and Members
 of the Township Committee
 Township of Lafayette
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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, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the 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 as of December 31, 2013 and 2012, or the changes in financial position thereof for the years then ended.

Basis for Qualified Opinion

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in accordance with U.S. generally accepted accounting principles but is in accordance with the accounting practices prescribed or permitted by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2013 and 2012 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Lafayette as of December 31, 2013 and 2012, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted prescribed by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Lafayette
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The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2014 on our consideration of the Township of Lafayette'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 Lafayette's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
February 21, 2014

NISIVOCIA LLP



Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
CURRENT FUND

TOWNSHIP OF LAFAYETTE
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

| | | December 31, | |
|---|------|-----------------|-----------------|
| | Ref. | 2013 | 2012 |
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | A-4 | \$ 1,148,165.01 | \$ 792,425.44 |
| Change Fund | | 25.00 | 25.00 |
| | | 1,148,190.01 | 792,450.44 |
| Due from State of New Jersey: | | | |
| Senior Citizens and Veterans Deductions | | 7,935.37 | 7,773.04 |
| | | 1,156,125.38 | 800,223.48 |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 186,181.85 | 244,882.95 |
| Tax Title Liens Receivable | A-8 | 239,046.13 | 260,759.85 |
| Due from: | | | |
| Federal and State Grant Fund | A | | 95,012.09 |
| Other Trust Funds | B | 30.82 | 32.45 |
| Total Receivables and Other Assets with Full Reserves | | 425,258.80 | 600,687.34 |
| Deferred Charges: | | | |
| Special Emergency Authorizations | | 8,000.00 | 12,000.00 |
| Total Deferred Charges | | 8,000.00 | 12,000.00 |
| Total Regular Fund | | 1,589,384.18 | 1,412,910.82 |
| Federal and State Grant Fund: | | | |
| Grants Receivable | A-10 | 54,924.46 | 173,084.18 |
| Due from Current Fund | A | 19,260.92 | |
| Total Federal and State Grant Fund | | 74,185.38 | 173,084.18 |
| TOTAL ASSETS | | \$ 1,663,569.56 | \$ 1,585,995.00 |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
(Continued)

| | | December 31, | |
|---|----------|------------------------|------------------------|
| | Ref. | 2013 | 2012 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Regular Fund: | | | |
| Appropriation Reserves: | | | |
| Encumbered | A-3;A-11 | \$ 7,876.83 | \$ 7,145.53 |
| Unencumbered | A-3;A-11 | 143,639.64 | 143,680.67 |
| | | <u>151,516.47</u> | <u>150,826.20</u> |
| Due State of New Jersey: | | | |
| Marriage License Fees | | 75.00 | |
| Building Surcharge Fees | | 237.40 | 527.98 |
| Due to: | | | |
| Federal and State Grant Fund | A | 19,260.92 | |
| General Capital Fund | C | 44,604.50 | |
| Open Space Trust Fund | B | 25.67 | 216.84 |
| County Added and Omitted Taxes Payable | | 1,345.39 | 8,810.40 |
| Prepaid Taxes | | 29,611.42 | 27,313.25 |
| Tax Overpayments | | | 258.13 |
| Reserve for: | | | |
| Revaluation | | 2,642.50 | 2,642.50 |
| Revision of Tax Maps | | 17,754.37 | 17,509.37 |
| Pending Tax Appeals | | 150,000.00 | 75,000.00 |
| Environmental Contingencies | | 76,173.20 | 76,173.20 |
| FEMA - Emergency Protective Measures | | | 7,350.26 |
| Master Plan Update | | 12,434.57 | 12,434.57 |
| Garden State Preservation Trust | | | 4,576.00 |
| | | <u>505,681.41</u> | <u>383,638.70</u> |
| Reserve for Receivables and Other Assets | A | 425,258.80 | 600,687.34 |
| Fund Balance | A-1 | 658,443.97 | 428,584.78 |
| Total Regular Fund | | <u>1,589,384.18</u> | <u>1,412,910.82</u> |
| Federal and State Grant Fund: | | | |
| Due to Current Fund | A | | 95,012.09 |
| Appropriated Reserves | A-14 | 59,892.44 | 64,282.80 |
| Unappropriated Reserves | A-15 | 14,292.94 | 13,710.54 |
| Reserve for Encumbrances | A-14 | | 78.75 |
| Total Federal and State Grant Fund | | <u>74,185.38</u> | <u>173,084.18</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | <u>\$ 1,663,569.56</u> | <u>\$ 1,585,995.00</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
REGULATORY BASIS

| | | Year Ended December 31, | |
|---|-------------|-------------------------|----------------------|
| | <u>Ref.</u> | <u>2013</u> | <u>2012</u> |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 219,828.00 | \$ 224,700.00 |
| Miscellaneous Revenue Anticipated | | 950,154.01 | 918,328.45 |
| Receipts from: | | | |
| Delinquent Taxes | | 283,564.15 | 373,080.51 |
| Current Taxes | | 8,694,075.21 | 8,952,790.75 |
| Nonbudget Revenue | | 34,954.83 | 42,758.89 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 32,046.88 | 61,871.77 |
| Interfunds Returned | | 95,044.54 | 32.71 |
| Total Income | | <u>10,309,667.62</u> | <u>10,573,563.08</u> |
| <u>Expenditures</u> | | | |
| Budget and Emergency Appropriations: | | | |
| Municipal Purposes | | 1,679,885.23 | 1,660,670.47 |
| Municipal Open Space Taxes | | 33,433.67 | 44,097.01 |
| County Taxes | | 1,748,863.59 | 1,930,538.31 |
| Local School District Taxes | | 3,974,400.00 | 4,004,037.00 |
| Regional High School Taxes | | 2,342,356.00 | 2,457,365.77 |
| Refund of Prior Year Taxes | | | 7,014.44 |
| Refund of Prior Year Taxes due to State Appeals | | 4,011.12 | |
| Reserve for Pending Tax Appeals | | 75,000.00 | 75,000.00 |
| Prior Year Senior Citizens' Deductions Disallowed | | 2,000.00 | 2,000.00 |
| Interfunds Advanced | | 30.82 | 95,044.54 |
| Total Expenditures | | <u>9,859,980.43</u> | <u>10,275,767.54</u> |
| Excess in Revenue | | 449,687.19 | 297,795.54 |
| Balance January 1 | | <u>428,584.78</u> | <u>355,489.24</u> |
| | | 878,271.97 | 653,284.78 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | <u>219,828.00</u> | <u>224,700.00</u> |
| Balance December 31 | A | \$ 658,443.97 | \$ 428,584.78 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

| | Budget | Realized | Excess or Deficit* |
|--|-----------------|-----------------|-----------------------|
| Fund Balance Anticipated | \$ 219,828.00 | \$ 219,828.00 | |
| Miscellaneous Revenue: | | | |
| Licenses: | | | |
| Alcoholic Beverages | 1,500.00 | 1,500.00 | |
| Fees and Permits | 12,632.00 | 10,722.50 | \$ 1,909.50 * |
| Interest and Costs on Taxes | 56,350.00 | 94,302.42 | 37,952.42 |
| Consolidated Municipal Property Tax Relief Aid | 9,588.00 | 9,588.00 | |
| Energy Receipts Tax | 174,280.00 | 174,279.74 | 0.26 * |
| Reserve for Garden State Preservation Trust | 4,576.00 | 4,576.00 | |
| Uniform Construction Code Fees | 35,516.00 | 23,375.07 | 12,140.93 * |
| Shared Service Agreements: | | | |
| Electrical Subcode Inspections | 12,559.00 | 12,559.20 | 0.20 |
| Financial Administration | 70,747.00 | 70,747.00 | |
| Tax Assessment Administration | 18,845.00 | 18,935.28 | 90.28 |
| Recycling Tonnage Grant | 6,076.79 | 6,076.79 | |
| Reserve for Clean Communities Program | 7,633.75 | 7,633.75 | |
| S.C.M.U.A. Host Community Benefit Fees | 300,000.00 | 508,508.00 | 208,508.00 |
| Reserve for FEMA - Emergency Protective Measures | 7,350.26 | 7,350.26 | |
| | 717,653.80 | 950,154.01 | 232,500.21 |
| Receipts from Delinquent Taxes | 296,500.00 | 283,564.15 | 12,935.85 * |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | |
| Local Tax for Municipal Purposes | 845,903.43 | 995,021.95 | 149,118.52 |
| Budget Totals | 2,079,885.23 | 2,448,568.11 | 368,682.88 |
| Nonbudget Revenue | | 34,954.83 | 34,954.83 |
| | \$ 2,079,885.23 | \$ 2,483,522.94 | \$ 403,637.71 |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Allocation of Current Tax Collections:

| | | |
|--|------------------|-----------------------------|
| Revenue from Collection of Current Taxes | | \$ 8,694,075.21 |
| Allocated to: | | |
| County, Local School and Regional School Taxes | \$ 8,065,619.59 | |
| Municipal Open Space Taxes | <u>33,433.67</u> | |
| | | <u>8,099,053.26</u> |
| Balance for Support of Municipal Budget | | 595,021.95 |
| Add: Appropriation "Reserve for Uncollected Taxes" | | <u>400,000.00</u> |
| Realized for Support of Municipal Budget | | <u><u>\$ 995,021.95</u></u> |

Receipts from Delinquent Taxes:

| | |
|----------------------------|-----------------------------|
| Delinquent Tax Collections | \$ 246,052.90 |
| Tax Title Liens Redeemed | <u>37,511.25</u> |
| | <u><u>\$ 283,564.15</u></u> |

Analysis of Nonbudget Revenue:

Treasurer:

Interest on Investments and Deposits:

| | |
|---------------------------------|--------------|
| Collected/Received by Treasurer | \$ 1,168.02 |
| Due from Other Trust Funds | <u>30.82</u> |

Total Interest on Investments and Deposits \$ 1,198.84

| | |
|---|-----------------|
| Fines and Costs - Municipal Court | 13,040.77 |
| Cable TV Franchise Fees | 7,834.00 |
| Municipal Clerk Fees | 510.38 |
| Senior Citizens' and Veterans' Deductions | |
| Administrative Reimbursement | 493.69 |
| DPW Recycling | 5,458.85 |
| FEMA Reimbursement | 2,522.70 |
| Other Miscellaneous Revenue | <u>2,018.92</u> |

31,879.31

Tax Collector:

| | |
|---------------------|---------------|
| In Lieu of Taxes | 1,566.68 |
| Other Miscellaneous | <u>310.00</u> |

1,876.68

\$ 34,954.83

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|-----------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 240.00 | \$ 240.00 | | \$ 240.00 | |
| Other Expenses | 1,340.00 | 1,440.00 | \$ 1,357.23 | 82.77 | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 13,426.00 | 13,426.00 | 13,426.00 | | |
| Other Expenses | 1,200.00 | 1,200.00 | 936.00 | 264.00 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 38,209.62 | 38,209.62 | 38,209.62 | | |
| Other Expenses | 1,800.00 | 1,800.00 | 1,625.99 | 174.01 | |
| Other Expenses - Codification of Ordinances | 4,000.00 | 4,000.00 | 3,260.00 | 740.00 | |
| Elections: | | | | | |
| Salaries and Wages | 150.00 | 150.00 | 150.00 | | |
| Other Expenses | 2,200.00 | 2,200.00 | 2,104.08 | 95.92 | |
| Financial Administration (Treasury): | | | | | |
| Salaries and Wages | 29,760.60 | 29,760.60 | 29,760.60 | | |
| Other Expenses | 306.00 | 306.00 | 266.37 | 39.63 | |
| Annual Audit | 20,800.00 | 20,800.00 | 11,154.00 | 9,646.00 | |
| Computerized Data Processing: | | | | | |
| Other Expenses | 10,300.00 | 12,000.00 | 11,293.60 | 706.40 | |
| Revenue Administration (Tax Collection): | | | | | |
| Salaries and Wages | 1,000.00 | 1,000.00 | 1,000.00 | | |
| Other Expenses | 2,600.00 | 2,600.00 | 1,001.48 | 1,598.52 | |
| Other Expenses - Contractual | 41,616.00 | 41,616.00 | 41,616.00 | | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 17,822.24 | 17,822.24 | 17,822.24 | | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| GENERAL GOVERNMENT (Continued): | | | | | |
| Tax Assessment Administration (Continued): | | | | | |
| Salaries and Wages - Assessment Search Officer | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 | | |
| Other Expenses | 1,811.00 | 1,811.00 | 554.53 | \$ 1,256.47 | |
| Other Expenses - Reassessment | 35,000.00 | 35,000.00 | 5,950.00 | 29,050.00 | |
| Legal Services & Costs: | | | | | |
| Other Expenses | 31,000.00 | 27,630.00 | 21,388.07 | 6,241.93 | |
| Engineering Services & Costs: | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | 1,187.50 | 3,812.50 | |
| LAND USE ADMINISTRATION: | | | | | |
| Municipal Land Use Law (NJSA 40:55D-1): | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 27,674.28 | 27,674.28 | 27,674.28 | | |
| Other Expenses | 38,700.00 | 28,700.00 | 7,192.06 | 21,507.94 | |
| Zoning Official: | | | | | |
| Salaries and Wages | 2,000.00 | 2,000.00 | 2,000.00 | | |
| INSURANCE: | | | | | |
| General Liability | 88,123.00 | 88,123.00 | 87,772.00 | 351.00 | |
| Employee Group Health | 124,777.00 | 124,777.00 | 123,743.92 | 1,033.08 | |
| Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.) | 2,500.00 | 2,570.00 | 2,546.18 | 23.82 | |
| PUBLIC SAFETY: | | | | | |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 50.00 | 50.00 | | 50.00 | |
| Other Expenses | 50.00 | 50.00 | | 50.00 | |
| Other Expenses - First Responders | 10,200.00 | 10,200.00 | 9,366.17 | 833.83 | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---------------------------------------|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC SAFETY (Continued): | | | | | |
| Aid to Volunteer Fire Company | \$ 32,000.00 | \$ 32,000.00 | \$ 27,000.00 | \$ 5,000.00 | |
| Fire: | | | | | |
| Other Expenses | 250.00 | 250.00 | | 250.00 | |
| PUBLIC WORKS: | | | | | |
| Road Repairs and Maintenance: | | | | | |
| Salaries and Wages | 219,300.00 | 219,300.00 | 219,194.98 | 105.02 | |
| Other Expenses | 51,600.26 | 61,600.26 | 60,978.80 | 621.46 | |
| Snow Removal: | | | | | |
| Salaries and Wages | 27,500.00 | 27,500.00 | 13,358.44 | 14,141.56 | |
| Other Expenses | 45,000.00 | 45,000.00 | 44,962.86 | 37.14 | |
| Solid Waste Collection: | | | | | |
| Recycling Coordinator: | | | | | |
| Salaries and Wages | 2,601.00 | 2,601.00 | 2,601.00 | | |
| Other Expenses | 250.00 | 250.00 | | 250.00 | |
| Public Buildings & Grounds: | | | | | |
| Other Expenses | 9,000.00 | 9,000.00 | 8,644.79 | 355.21 | |
| HEALTH AND HUMAN SERVICES: | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 60.00 | 60.00 | | 60.00 | |
| Other Expenses | 200.00 | 200.00 | | 200.00 | |
| Salaries and Wages - Registrar | 1,000.00 | 1,000.00 | 1,000.00 | | |
| Other Expenses - Registrar | 250.00 | 250.00 | 210.98 | 39.02 | |
| Other Expenses - Municipal Alliance | 812.00 | 812.00 | | 812.00 | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Canceled</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|--|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Continued): | | | | | |
| HEALTH AND HUMAN SERVICES (Continued): | | | | | |
| Animal Control: | | | | | |
| Salaries and Wages | \$ 4,000.00 | \$ 4,000.00 | \$ 3,772.00 | \$ 228.00 | |
| PARK AND RECREATION: | | | | | |
| Recreation: | | | | | |
| Salaries and Wages | 10,500.00 | 10,500.00 | 4,378.26 | 6,121.74 | |
| Other Expenses | 22,500.00 | 22,500.00 | 19,669.66 | 2,830.34 | |
| Open Space Committee: | | | | | |
| Other Expenses | 500.00 | 500.00 | 56.00 | 444.00 | |
| UNIFORM CONSTRUCTION CODE: | | | | | |
| Sub-Code Official: | | | | | |
| Building Inspector: | | | | | |
| Salaries and Wages | 30,011.69 | 30,011.69 | 27,127.10 | 2,884.59 | |
| Other Expenses | 850.00 | 850.00 | 150.00 | 700.00 | |
| Electrical Inspector: | | | | | |
| Salaries and Wages | 7,922.52 | 7,922.52 | 7,922.52 | | |
| Fire Protection Officials: | | | | | |
| Salaries and Wages | 3,462.01 | 3,462.01 | 3,462.01 | | |
| Plumbing Inspector: | | | | | |
| Salaries and Wages | 6,046.82 | 6,046.82 | 6,046.82 | | |
| UNCLASSIFIED: | | | | | |
| Celebration of Public Events: | | | | | |
| Other Expenses | 1,250.00 | 1,250.00 | 997.97 | 252.03 | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended</u> |
|---|-----------------------|--------------------------------------|----------------------------|-------------------|-----------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Canceled</u> |
| Operations Within "CAPS" (Continued): | | | | | |
| UNCLASSIFIED: (Continued) | | | | | |
| UTILITIES AND BULK PURCHASES: | | | | | |
| Electricity | \$ 13,500.00 | \$ 13,500.00 | \$ 12,941.22 | \$ 558.78 | |
| Street Lighting | 3,000.00 | 3,000.00 | 2,520.27 | 479.73 | |
| Telephone | 7,500.00 | 9,000.00 | 8,726.96 | 273.04 | |
| Gasoline (Natural or Propane) | 9,500.00 | 9,500.00 | 8,381.85 | 1,118.15 | |
| Fuel Oil | 37,000.00 | 37,000.00 | 33,711.97 | 3,288.03 | |
| Total Operations Within "CAPS" | <u>1,102,022.04</u> | <u>1,102,022.04</u> | <u>983,174.38</u> | <u>118,847.66</u> | |
| Detail: | | | | | |
| Salaries and Wages | 443,736.78 | 443,736.78 | 419,905.87 | 23,830.91 | |
| Other Expenses | 658,285.26 | 658,285.26 | 563,268.51 | 95,016.75 | |
| Deferred Charges and Statutory Expenditures - Municipal | | | | | |
| Within "CAPS": | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to : | | | | | |
| Public Employees' Retirement System | 38,477.00 | 38,477.00 | 38,477.00 | | |
| Social Security (O.A.S.I) | 33,454.65 | 33,454.65 | 33,453.69 | 0.96 | |
| Total Deferred Charges and Statutory | | | | | |
| Expenditures - Municipal Within "CAPS" | <u>71,931.65</u> | <u>71,931.65</u> | <u>71,930.69</u> | <u>0.96</u> | |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | <u>1,173,953.69</u> | <u>1,173,953.69</u> | <u>1,055,105.07</u> | <u>118,848.62</u> | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|--|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Excluded from "CAPS": | | | | | |
| Police: | | | | | |
| 911 Dispatching - Contractual | \$ 36,720.00 | \$ 36,720.00 | \$ 36,720.00 | | |
| Affordable Housing Administration (N.J.S.A.40A:45.3T): | | | | | |
| Other Expenses | 11,000.00 | 11,000.00 | 4,339.90 | \$ 6,660.10 | |
| Shared Services Agreements: | | | | | |
| Joint Municipal Court: | | | | | |
| Other Expenses - Contractual | 60,000.00 | 60,000.00 | 41,869.08 | 18,130.92 | |
| Electrical Subcode Official: | | | | | |
| Other Expenses - Contractual | 12,559.00 | 12,559.00 | 12,559.00 | | |
| Financial Administration: | | | | | |
| Salaries and Wages | 70,747.00 | 70,747.00 | 70,747.00 | | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 18,845.00 | 18,845.00 | 18,845.00 | | |
| Public and Private Programs Offset by Revenue: | | | | | |
| Clean Communities Grant | 7,633.75 | 7,633.75 | 7,633.75 | | |
| Recycling Tonnage Grant | 6,076.79 | 6,076.79 | 6,076.79 | | |
| Total Operations Excluded from "CAPS": | 223,581.54 | 223,581.54 | 198,790.52 | 24,791.02 | |
| Detail: | | | | | |
| Salaries and Wages | 89,592.00 | 89,592.00 | 89,592.00 | | |
| Other Expenses | 133,989.54 | 133,989.54 | 109,198.52 | 24,791.02 | |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|--|------------------------|------------------------------|------------------------|----------------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | \$ 278,350.00 | \$ 278,350.00 | \$ 278,350.00 | | |
| Total Capital Improvements | 278,350.00 | 278,350.00 | 278,350.00 | | |
| Deferred Charges- Municipal: | | | | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53) | 4,000.00 | 4,000.00 | 4,000.00 | | |
| Total Deferred Charges and Statutory Expenditures | 4,000.00 | 4,000.00 | 4,000.00 | | |
| Total General Appropriations for Municipal Purposes | 1,679,885.23 | 1,679,885.23 | 1,536,245.59 | \$ 143,639.64 | |
| Reserve for Uncollected Taxes | 400,000.00 | 400,000.00 | 400,000.00 | | |
| Total General Appropriations | <u>\$ 2,079,885.23</u> | <u>\$ 2,079,885.23</u> | <u>\$ 1,936,245.59</u> | <u>\$ 143,639.64</u> | <u>\$ -0-</u> |

Ref.

A

TOWNSHIP OF LAFAYETTE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | <u>Ref.</u> | <u>Analysis of</u> | |
|--|-------------|--|----------------------------------|
| | | <u>Budget After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> |
| Adopted Budget | | <u>\$ 2,079,885.23</u> | |
| Reserve for Uncollected Taxes | | | \$ 400,000.00 |
| Reserve for Encumbrances | A | | 7,876.83 |
| Transfer to Federal and State Grant Fund | | | 13,710.54 |
| Deferred Charges - Special Emergency Authorization | | | 4,000.00 |
| Cash Disbursed | | | <u>1,531,818.43</u> |
| | | | 1,957,405.80 |
| Less: Appropriation Refunds | | | <u>21,160.21</u> |
| | | | <u>\$ 1,936,245.59</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
TRUST FUNDS

TOWNSHIP OF LAFAYETTE
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | | December 31, | |
|---|------|----------------------|----------------------|
| | Ref. | 2013 | 2012 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | B-4 | \$ 957.49 | \$ 1,105.11 |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents | B-4 | 673,541.18 | 638,431.71 |
| Due From Current Fund - Open Space Trust Fund | A | 25.67 | 216.84 |
| | | <u>673,566.85</u> | <u>638,648.55</u> |
| TOTAL ASSETS | | <u>\$ 674,524.34</u> | <u>\$ 639,753.66</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due State Board of Health | | | 30.60 |
| Reserve for Animal Control Expenditures | B-6 | <u>957.49</u> | <u>1,074.51</u> |
| | | <u>957.49</u> | <u>1,105.11</u> |
| Other Trust Funds: | | | |
| Due to Current Fund | A | 30.82 | 32.45 |
| Reserve for: | | | |
| Escrow and Driveway Bonds | | 56,098.12 | 51,063.62 |
| Recreation | | 14,573.08 | 16,682.74 |
| Fire Prevention Penalty Fees | | 12,623.25 | 9,725.22 |
| Developers Escrow | | 136,580.73 | 137,249.13 |
| Affordable Housing | | 66,364.92 | 67,141.84 |
| Tax Sale Premiums | | 9,050.00 | 18,150.00 |
| Open Space Trust | | 360,495.98 | 338,603.55 |
| Snow Removal Trust | | <u>17,749.95</u> | |
| | | <u>673,566.85</u> | <u>638,648.55</u> |
| TOTAL LIABILITIES AND RESERVES | | <u>\$ 674,524.34</u> | <u>\$ 639,753.66</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
GENERAL CAPITAL FUND

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

| | | December 31, | |
|---|-------------|------------------------|------------------------|
| | <u>Ref.</u> | <u>2013</u> | <u>2012</u> |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 1,292,377.69 | \$ 1,140,021.68 |
| Due from: | | | |
| Current Fund | A | <u>44,604.50</u> | <u></u> |
| TOTAL ASSETS | | <u>\$ 1,336,982.19</u> | <u>\$ 1,140,021.68</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Improvement Authorizations: | | | |
| Funded | C-5 | \$ 22,562.43 | \$ 12,000.00 |
| Capital Improvement Fund | C-6 | 672,947.30 | 668,625.30 |
| Reserve for: | | | |
| Encumbrances Payable | | 137,471.58 | |
| Purchase of Fire Truck and Fire Equipment | | 9,347.63 | 9,347.63 |
| Improvements to Public/Recreational Property | | 24,406.92 | 24,406.92 |
| Purchase of Road Equipment | | 1,200.00 | 1,200.00 |
| Improvements to Various Roads | | 886.53 | 886.53 |
| FEMA Funded Purchase of Generators | | 60,772.10 | 60,772.10 |
| FEMA Funded Emergency Management Equipment | | 44,604.50 | |
| Fund Balance | C-1 | <u>362,783.20</u> | <u>362,783.20</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | <u>\$ 1,336,982.19</u> | <u>\$ 1,140,021.68</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE-REGULATORY BASIS

| | <u>Ref.</u> | |
|---------------------------|-------------|-----------------------------|
| Balance December 31, 2012 | C | <u>\$ 362,783.20</u> |
| Balance December 31, 2013 | C | <u><u>\$ 362,783.20</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
GENERAL FIXED ASSETS ACCOUNT GROUP

(UNAUDITED)

TOWNSHIP OF LAFAYETTE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET -REGULATORY BASIS
 (UNAUDITED)

| | December 31, | |
|----------------------------|------------------------|------------------------|
| | 2013 | 2012 |
| <u>ASSETS</u> | | |
| Land | \$ 1,096,077.00 | \$ 1,096,077.00 |
| Buildings and Improvements | 1,938,321.14 | 1,938,321.14 |
| Equipment | 1,621,475.01 | 1,617,540.01 |
| TOTAL ASSETS | <u>\$ 4,655,873.15</u> | <u>\$ 4,651,938.15</u> |
| <u>RESERVES</u> | | |
| Reserve for Fixed Assets | <u>\$ 4,655,873.15</u> | <u>\$ 4,651,938.15</u> |
| TOTAL RESERVES | <u>\$ 4,655,873.15</u> | <u>\$ 4,651,938.15</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Lafayette include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lafayette, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Lafayette do not include the operations of the volunteer fire company or first aid organization.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Governmental Accounting Standards Board's Codification section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Lafayette conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lafayette accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Current Fund when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

- 1) Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
- 2) Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
- 3) Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and inventories would not be reflected as expenditures at the time of purchase.

The cash basis of accounting is followed in the Trust Funds.

- D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds or by issuing loans or capital lease purchase agreements.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused accumulated sick pay are not recorded until paid.

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

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

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

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost or estimated historical cost based on estimation procedures performed by an independent appraisal company. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset amounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

General fixed assets recorded in the general fixed assets account group may also be recorded in the General Capital Fund. The values recorded in the General Fixed Assets Account Group and the General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Fund and the Open Space Trust Fund. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

| | December 31, | | |
|---|--------------|--------|-----------|
| | 2013 | 2012 | 2011 |
| <u>Issued</u> | | | |
| General: | | | |
| Bonds and Notes | \$ -0- | \$ -0- | \$ -0- |
| Net Debt Issued | -0- | -0- | -0- |
| <u>Authorized but not Issued:</u> | | | |
| Bonds and Notes | -0- | -0- | 800.00 |
| Net Bonds and Notes Issued and Authorized but not Issued | \$ -0- | \$ -0- | \$ 800.00 |

Summary of Municipal Debt Issued and Outstanding – Current and Prior Years

There was no debt issued and outstanding at December 31, 2013 or 2012.

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 0.0%.

| | Gross Debt | Deductions | Net Debt |
|----------------------------|-----------------|-----------------|----------|
| General Debt | \$ -0- | | \$ -0- |
| Local School District Debt | 2,725,000.00 | \$ 2,725,000.00 | |
| Regional High School Debt | 52,022.12 | 52,022.12 | |
| | \$ 2,777,022.12 | \$ 2,777,022.12 | \$ -0- |

Net Debt of \$-0- divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$387,068,467 = 0.0%.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

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

| | |
|---|-------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 13,547,396.33 |
| Net Debt | <u>- 0 -</u> |
| Remaining Borrowing Power | <u>\$ 13,547,396.33</u> |

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2014 has not been introduced. Thus, the amount of fund balance at December 31, 2013, which will be included in the Current Fund budget for the year ending December 31, 2014, is not known at this date.

Note 4: Pension Plans

Township employees are enrolled in a cost-sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all Township employees. As a general rule, all full-time employees are eligible to join this public employees' retirement system.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. For PERS, the contribution rate was 6.64% of base salary effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Township contributions to PERS amounted to \$38,477, \$48,362 and \$47,981 for 2013, 2012 and 2011, respectively.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 5: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Lafayette has elected not to defer school taxes.

Note 6: Accrued Sick and Vacation Benefits

Vacation time must be used before the end of the year and is not allowed to be accrued.

Employees are allowed to accrue up to 24 days of sick leave; however, they are not paid for any sick time upon leaving the Township. Such compensation paid for sick time used during the year would be included in the Township's budget.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------------|--------------------------|--------------------------|--------------------------|
| <u>Tax Rate</u> | \$ 2.678 | \$ 2.107 | \$ 2.061 |
| <u>Apportionment of</u> | | | |
| <u>Tax Rate</u> | | | |
| Municipal | 1.199 | 0.196 | 0.191 |
| County | 0.525 | 0.439 | 0.428 |
| Local School | 0.253 | 0.912 | 0.902 |
| Regional High School | 0.701 | 0.560 | 0.540 |
| <u>Assessed Valuations</u> | | | |
| 2013 | <u>\$ 334,079,995.00</u> | | |
| 2012 | | <u>\$ 438,801,707.00</u> | |
| 2011 | | | <u>\$ 443,305,012.00</u> |

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

A study of the following 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</u> | |
|-------------|-----------------|-------------------------|---------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2013 | \$ 8,953,522.05 | \$ 8,694,075.21 | 97.10% |
| 2012 | 9,287,799.96 | 8,952,790.75 | 96.39% |
| 2011 | 9,143,559.89 | 8,716,791.75 | 95.33% |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2013, cash and cash equivalents of the Township of Lafayette consisted of the following:

| <u>Fund</u> | <u>Cash on Hand</u> | <u>Checking Accounts</u> | <u>Savings Accounts</u> | <u>NJ Cash Management Fund</u> | <u>Total</u> |
|-----------------|---------------------|--------------------------|-------------------------|--------------------------------|------------------------|
| Current | \$ 25.00 | \$ 1,148,160.48 | | \$ 4.53 | \$ 1,148,190.01 |
| Animal Control | | 957.49 | | | 957.49 |
| Other Trust | | 122,446.49 | \$ 551,094.69 | | 673,541.18 |
| General Capital | | 1,292,375.60 | | 2.09 | 1,292,377.69 |
| | <u>\$ 25.00</u> | <u>\$ 2,563,940.06</u> | <u>\$ 551,094.69</u> | <u>\$ 6.62</u> | <u>\$ 3,115,066.37</u> |

During the period ended December 31, 2013, the Township did not hold any investments. The carrying amount of the Township of Lafayette's cash and cash equivalents at December 31, 2013, was \$3,115,066.37 and the bank balance was \$3,001,263.29. The \$6.62 in the NJ Cash Management Fund accounts are uninsured and unregistered.

Note 9: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2013, the following deferred charge is shown on the balance sheet of the Current Fund:

| | <u>Balance Dec. 31, 2013</u> | <u>Required 2014 Budget Appropriation</u> | <u>Balance Deferred to Succeeding Years' Budgets</u> |
|----------------------------------|----------------------------------|---|--|
| Current Fund: | | | |
| Special Emergency Authorizations | <u>\$ 8,000.00</u> | <u>\$ 4,000.00</u> | <u>\$ 4,000.00</u> |

The appropriation in the 2014 budget will not be less than that required by statute.

Note 10: 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. Health benefits are provided through the State of New Jersey health benefits plan.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Risk Management (Cont'd)

Property, Liability and Workers' Compensation

The Township is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Auto, Liability, Property Insurance, Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2013 audit report of the Fund is not filed as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2012 is as follows:

| | <u>Statewide Insurance Fund</u> |
|------------------------|-------------------------------------|
| Total Assets | \$ 35,903,110 |
| Net Position | \$ 4,749,231 |
| Total Revenue | \$ 23,147,328 |
| Total Expenditures | \$ 22,992,413 |
| Change in Net Position | \$ 154,915 |
| Members Dividends | \$ -0- |

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Statewide Insurance Fund
26 Columbia Turnpike
P.O. Box 678
Florham Park, NJ 07932-0678
(973) 549-1900

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township’s claims are paid by the State.

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2013:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | \$ 30.82 | \$ 63,891.09 |
| Federal and State Grant Fund | 19,260.92 | |
| Other Trust Funds | | 30.82 |
| Open Space Trust Fund | 25.67 | |
| General Capital Fund | 44,604.50 | |
| | <u>\$ 63,921.91</u> | <u>\$ 63,921.91</u> |

The interfund receivable in the Federal and State Grant Fund and the interfund payable in the Current Fund are due to the net of grant funds received and grant fund expenditures expended from the Current Fund on behalf of the Federal and State Grant Fund. The interfund receivable in the Open Space Trust Fund and the interfund payable in the Current Fund represent the amount of 2013 open space taxes collected in the Current Fund not turned over to the Open Space Trust Fund as of December 31, 2013. The interfund receivable in the Current Fund and the interfund payable in the Other Trust Funds represent interest earned in the Other Trust Funds in 2013 not turned over as of December 31, 2013. The interfund payable in the Current Fund and the interfund receivable in the General Capital Fund represents monies received from FEMA for emergency management equipment not turned over to the General Capital Fund as of December 31, 2013.

Note 12: Reserve for Environmental Contingencies

The Township set aside part of the annual Host Community Fees received from the Sussex County Municipal Utilities Authority for potential costs associated with environmental issues, including the cost of potential litigation, which may develop with respect to the landfill. As of December 31, 2013, the reserve balance was \$76,173.20.

Note 13: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

TOWNSHIP OF LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 13: Contingent Liabilities

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township's Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$150,000.

Note 14: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 15: Open Space Trust Fund

The Township adopted an ordinance in 2006 to establish a "Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund," permitting the Township to collect a tax between one (\$.01) and three (\$.03) cents per \$100.00 assessed valuation for the Open Space Trust Fund. The 2013 Open Space tax levy was one cent (\$.01) or \$33,433.67 including added and omitted taxes. The balance in the Reserve for Open Space at December 31, 2013 was \$360,495.98.

TOWNSHIP OF LAFAYETTE

SUPPLEMENTARY DATA

TOWNSHIP OF LAFAYETTE
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2013

The following officials were in office during the period under audit:

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> | <u>Name of Corporate or Personal Surety</u> |
|-------------------|--|---------------------------|---|
| Richard Hughes | Mayor | | |
| John D'Angeli | Deputy Mayor | | |
| Richard Bruning | Committeeman | | |
| Gregory Corcoran | Committeeman | | |
| Alan Henderson | Committeeman | | |
| Gail Magura | Chief Financial Officer/Treasurer | * | * |
| Daryn Cashin | Tax Collector, Tax Search Officer | * | * |
| Anna Rose Fedish | Clerk, Assessment Search Official, Registrar and Deputy Collector | | |
| Maureen Kaman | Tax Assessor | | |
| James Devine | Magistrate | | |
| Stephanie Pizzulo | Secretary Board of Health, Land Use Board, Construction & Fire Prevention Offices | | |
| Wantage Pound | Animal Control Officer | | |
| James Miller | Construction Official, Building Inspector, Zoning and Code Enforcement Officer | | |
| Stephanie Pizzulo | Recycling Coordinator | | |
| Roy E. Kurnos | Attorney | | |

* There is a Public Employees Blanket Crime Coverage for \$1,000,000 covering all municipal employees, including statutory positions with the Statewide Insurance Fund.

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
CURRENT FUND

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|-----------------|------------------------|
| Balance December 31, 2012 | A | \$ 792,425.44 |
| Increased by Receipts: | | |
| Tax Collector | \$ 9,053,229.03 | |
| Revenue Accounts Receivable | 830,214.79 | |
| Miscellaneous Revenue Not Anticipated | 31,879.31 | |
| Interest on Investments and Deposits | 1,168.02 | |
| Due from Other Trust Funds: | | |
| Interfund Returned | 32.45 | |
| Due to Federal and State Grant Fund: | | |
| Interfund Advanced - Grant Funds Receivable | 118,159.72 | |
| Interfund Advanced - Unappropriated Reserves | 14,292.94 | |
| Due to/from State of New Jersey: | | |
| Senior Citizens' and Veterans' Deductions | 23,434.25 | |
| Marriage License Fees | 225.00 | |
| Building Surcharge Fees | 1,560.93 | |
| Due to General Capital Fund: | | |
| Reserve for FEMA Funded Emergency Management Equipment | 44,604.50 | |
| Appropriation Refunds | 21,160.21 | |
| | | <u>10,139,961.15</u> |
| | | 10,932,386.59 |
| Decreased by Disbursements: | | |
| 2013 Appropriation Expenditures | 1,531,818.43 | |
| 2012 Appropriation Reserve Expenditures | 118,779.32 | |
| Local School District Taxes | 3,974,400.00 | |
| Regional High School Taxes Payable | 2,342,356.00 | |
| County Taxes | 1,756,328.60 | |
| Due to Other Trust Funds - Open Space: | | |
| Open Space Tax Levy | 33,408.00 | |
| Settlement of Prior Year Interfund | 216.84 | |
| Due from Federal and State Grant Fund: | | |
| Interfund Advanced - Appropriated Grant Fund Reserves | 18,100.90 | |
| Interfund Advanced - Reserve for Encumbrances | 78.75 | |
| Due to State of New Jersey: | | |
| Marriage License Fees | 150.00 | |
| Building Surcharge Fees | 1,851.51 | |
| Tax Overpayments Refunded | 5,978.23 | |
| Reserve for: | | |
| Tax Maps | 755.00 | |
| | | <u>9,784,221.58</u> |
| Balance December 31, 2013 | A | <u>\$ 1,148,165.01</u> |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:

| | | |
|---------------------------------------|-----------------|-----------------|
| Taxes Receivable | \$ 8,882,949.03 | |
| Interest and Costs on Taxes | 94,302.42 | |
| 2014 Prepaid Taxes | 29,611.42 | |
| Tax Overpayments | 5,978.23 | |
| Municipal Liens | 37,511.25 | |
| Miscellaneous Revenue Not Anticipated | 310.00 | |
| In Lieu of Taxes | 1,566.68 | |
| Reserve for Revision of Tax Maps | <u>1,000.00</u> | |
| | | \$ 9,053,229.03 |

Decreased by:

| | |
|---------------------------------|------------------------|
| Payments to Municipal Treasurer | <u>\$ 9,053,229.03</u> |
|---------------------------------|------------------------|

TOWNSHIP OF LAFAYETTE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

| Year | Balance Dec. 31, 2012 | 2013 Levy | Collections | | Overpayments Applied | State of NJ Veterans' and Senior Citizens' Deductions | Canceled | Transferred to Tax Title Liens | Balance Dec. 31, 2013 |
|------|--------------------------|------------------------|---------------------|------------------------|-------------------------|--|---------------------|--------------------------------------|--------------------------|
| | | | 2012 | 2013 | | | | | |
| 2009 | | | | \$ (569.90) | | \$ (250.00) | \$ 819.90 | | |
| 2010 | | | | 250.00 | | (250.00) | | | |
| 2011 | \$ 250.00 | | | 500.00 | | (250.00) | | | |
| 2012 | 244,632.95 | | | 245,872.80 | | (1,250.00) | 10.15 | | |
| | 244,882.95 | | | 246,052.90 | | (2,000.00) | 830.05 | | |
| 2013 | | \$ 8,953,522.05 | \$ 27,313.25 | 8,636,896.13 | \$ 4,269.25 | 25,596.58 | 57,467.46 | \$ 15,797.53 | \$ 186,181.85 |
| | <u>\$ 244,882.95</u> | <u>\$ 8,953,522.05</u> | <u>\$ 27,313.25</u> | <u>\$ 8,882,949.03</u> | <u>\$ 4,269.25</u> | <u>\$ 23,596.58</u> | <u>\$ 58,297.51</u> | <u>\$ 15,797.53</u> | <u>\$ 186,181.85</u> |
| Ref. | A | | | | | | | | A |

Analysis of 2013 Property Tax Levy

Tax Yield:

| | |
|--|------------------------|
| General Purpose Taxes | \$ 8,946,662.22 |
| Added and Omitted Taxes (54-5-63.1 et. seq.) | 6,859.83 |
| | <u>\$ 8,953,522.05</u> |

Tax Levy:

| | |
|-----------------------------------|------------------------|
| Local School District Taxes | \$ 3,974,400.00 |
| Regional High School Taxes | 2,342,356.00 |
| County Taxes: | |
| General Tax | 1,747,518.20 |
| County Added and Omitted Taxes | 1,345.39 |
| | <u>1,748,863.59</u> |
| | 8,065,619.59 |
| Local Tax for Municipal Purposes | 845,903.43 |
| Municipal Open Space Tax | 33,408.00 |
| Additional Open Space - Municipal | 25.67 |
| Add: Additional Tax Levied | 8,565.36 |
| | <u>887,902.46</u> |
| | <u>\$ 8,953,522.05</u> |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>Ref.</u> | |
|--------------------------------|-------------|-----------------------------|
| Balance December 31, 2012 | A | \$ 260,759.85 |
| Increased by: | | |
| Transfer from Taxes Receivable | | <u>15,797.53</u> |
| | | 276,557.38 |
| Decreased by: | | |
| Municipal Liens Redeemed | | <u>37,511.25</u> |
| Balance December 31, 2013 | A | <u><u>\$ 239,046.13</u></u> |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2013

| | Accrued In 2013 | Collected by Treasurer |
|--|----------------------|---------------------------|
| | <hr/> | <hr/> |
| Licenses: | | |
| Alcoholic Beverages | \$ 1,500.00 | \$ 1,500.00 |
| Fees and Permits | 10,722.50 | 10,722.50 |
| Energy Receipts Tax | 174,279.74 | 174,279.74 |
| Consolidated Municipal Property Tax Relief Aid | 9,588.00 | 9,588.00 |
| S.C.M.U.A. Host Community Benefit Fees | 508,508.00 | 508,508.00 |
| Uniform Construction Code Fees | 23,375.07 | 23,375.07 |
| Shared Service Agreements: | | |
| Electrical Subcode Inspections | 12,559.20 | 12,559.20 |
| Financial Administration | 70,747.00 | 70,747.00 |
| Tax Assessment Administration | 18,935.28 | 18,935.28 |
| | <hr/> | <hr/> |
| | <u>\$ 830,214.79</u> | <u>\$ 830,214.79</u> |

TOWNSHIP OF LAFAYETTE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

| | Balance Dec. 31, 2012 | 2013 Budget Revenue Realized | Cash Received | Transferred from Unappropriated Reserves | Balance Dec. 31, 2013 |
|---|--------------------------|------------------------------------|----------------------|---|--------------------------|
| Recycling Tonnage Grant - 2013 | | \$ 6,076.79 | | \$ 6,076.79 | |
| Municipal Stormwater Regulation Program | \$ 1,250.00 | | | | \$ 1,250.00 |
| Clean Communities Grant - 2013 | | 7,633.75 | | 7,633.75 | |
| NJ Department of Transportation - Municipal Aid Program: | | | | | |
| 2010 - Garrison Road | 5,834.18 | | | | 5,834.18 |
| 2011 - Dennis Road Wall Reconstruction | 166,000.00 | | \$ 118,159.72 | | 47,840.28 |
| | <u>\$ 173,084.18</u> | <u>\$ 13,710.54</u> | <u>\$ 118,159.72</u> | <u>\$ 13,710.54</u> | <u>\$ 54,924.46</u> |
| <u>Ref.</u> | A | | | | A |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

| | Balance Dec. 31, 2012 | Budget After Modification | Paid or Charged | Balance Lapsed |
|---|--------------------------|------------------------------|--------------------|-------------------|
| General Administration: | | | | |
| Salaries and Wages | \$ 360.00 | \$ 360.00 | | \$ 360.00 |
| Other Expenses | 19.61 | 19.61 | | 19.61 |
| Mayor and Council: | | | | |
| Other Expenses | 335.02 | 335.02 | \$ 107.10 | 227.92 |
| Municipal Clerk: | | | | |
| Other Expenses | 23.68 | 23.68 | | 23.68 |
| Other Expenses - Codification of Ordinances | 5,700.00 | 5,700.00 | 5,576.00 | 124.00 |
| Elections: | | | | |
| Other Expenses | 36.73 | 36.73 | | 36.73 |
| Financial Administration: | | | | |
| Other Expenses | 56.87 | 56.87 | | 56.87 |
| Annual Audit Services | 9,146.00 | 9,146.00 | 9,146.00 | |
| Computerized Data Processing: | | | | |
| Other Expenses | 2,624.57 | 2,624.57 | 600.00 | 2,024.57 |
| Revenue Administration (Tax Collection): | | | | |
| Other Expenses | 532.96 | 532.96 | 528.90 | 4.06 |
| Tax Assessment Administration: | | | | |
| Other Expenses | 779.99 | 779.99 | 281.54 | 498.45 |
| Other Expenses - Reassessment | 24,478.21 | 24,478.21 | 24,120.00 | 358.21 |
| Legal Services & Costs: | | | | |
| Other Expenses | 1,686.15 | 1,686.15 | 1,456.00 | 230.15 |
| Engineering Services & Costs: | | | | |
| Other Expenses | 5,266.00 | 266.00 | | 266.00 |
| Municipal Land Use Law (NJSA 40:55D-1): | | | | |
| Planning Board: | | | | |
| Other Expenses | 19,027.48 | 2,927.48 | 802.50 | 2,124.98 |
| Insurance: | | | | |
| General Liability | 98.00 | 98.00 | | 98.00 |
| Employee Group Health | 1,126.95 | 1,126.95 | | 1,126.95 |
| Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.) | 0.19 | 0.19 | | 0.19 |
| Emergency Management Services: | | | | |
| Salaries and Wages | 50.00 | 50.00 | | 50.00 |
| Other Expenses | 50.00 | 50.00 | | 50.00 |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Balance Dec. 31, 2012 | Budget After Modification | Paid or Charged | Balance Lapsed |
|-------------------------------|--------------------------|------------------------------|--------------------|-------------------|
| Fire: | | | | |
| Other Expenses | \$ 215.00 | \$ 215.00 | | \$ 215.00 |
| Road Repairs and Maintenance: | | | | |
| Salaries and Wages | 8,996.73 | 496.73 | | 496.73 |
| Other Expenses | 5,907.18 | 5,907.18 | \$ 4,051.86 | 1,855.32 |
| Snow Removal: | | | | |
| Salaries and Wages | 22,556.13 | 22,556.13 | 22,556.13 | |
| Other Expenses | 4,395.47 | 4,395.47 | 4,395.47 | |
| Public Buildings & Grounds: | | | | |
| Other Expenses | 529.77 | 529.77 | 99.80 | 429.97 |
| Board of Health: | | | | |
| Salaries and Wages | 60.00 | 60.00 | | 60.00 |
| Other Expenses | 100.00 | 100.00 | | 100.00 |
| Other Expenses - Registrar | 167.50 | 167.50 | 57.00 | 110.50 |
| Animal Control: | | | | |
| Salaries and Wages | 496.32 | 496.32 | | 496.32 |
| Recreation: | | | | |
| Salaries and Wages | 6.98 | 6.98 | | 6.98 |
| Other Expenses | 861.75 | 861.75 | 840.80 | 20.95 |
| Open Space Committee: | | | | |
| Other Expenses | 487.75 | 487.75 | | 487.75 |
| UNIFORM CONSTRUCTION CODE: | | | | |
| Sub-Code Official: | | | | |
| Building Inspector: | | | | |
| Other Expenses | 229.47 | 229.47 | | 229.47 |
| Celebration of Public Events: | | | | |
| Other Expenses | 759.60 | 1,009.60 | 962.40 | 47.20 |
| Utility and Bulk Purchases: | | | | |
| Electricity | 4,344.61 | 94.61 | | 94.61 |
| Street Lighting | 293.75 | 293.75 | 215.90 | 77.85 |
| Telephone | 244.81 | 244.81 | 171.76 | 73.05 |
| Gasoline (Natural or Propane) | 71.62 | 71.62 | | 71.62 |
| Fuel Oil | 2,721.86 | 2,721.86 | 2,048.72 | 673.14 |
| Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security System (OASI) | 170.07 | 170.07 | | 170.07 |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

| | <u>Balance Dec. 31, 2012</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|------------------------------------|----------------------------------|--------------------------------------|----------------------------|---------------------------|
| Affordable Housing Administration: | | | | |
| Other Expenses | \$ 10,000.00 | \$ 43,600.00 | \$ 24,951.35 | \$ 18,648.65 |
| Shared Service Agreements: | | | | |
| Joint Municipal Court: | | | | |
| Other Expenses - Contractual | <u>15,811.42</u> | <u>15,811.42</u> | <u>15,810.09</u> | <u>1.33</u> |
| | <u>\$ 150,826.20</u> | <u>\$ 150,826.20</u> | <u>\$ 118,779.32</u> | <u>\$ 32,046.88</u> |

Ref.

Analysis of Balance December 31, 2012:

| | | |
|--------------|---|----------------------|
| Unencumbered | A | \$ 143,680.67 |
| Encumbered | A | <u>7,145.53</u> |
| | | <u>\$ 150,826.20</u> |

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Ref.

Increased by:

Levy - Calendar Year 2013

\$ 3,974,400.00

Decreased by:

Payments to Local School District

\$ 3,974,400.00

TOWNSHIP OF LAFAYETTE
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Ref.

Increased by:

Levy - Calendar Year 2013

\$ 2,342,356.00

Decreased by:

Payments to Regional High School

\$ 2,342,356.00

TOWNSHIP OF LAFAYETTE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

| | Balance Dec. 31, 2012 | Transferred from 2013 Budget Appropriations | Expended | Balance Dec. 31, 2013 |
|--|--------------------------|--|---------------------|--------------------------|
| Recycling Tonnage Grant - 2006 | \$ 1,483.78 | | | \$ 1,483.78 |
| Recycling Tonnage Grant - 2007 | 650.47 | | | 650.47 |
| Recycling Tonnage Grant - 2008 | 177.06 | | | 177.06 |
| Recycling Tonnage Grant - 2011 | 3,822.43 | | | 3,822.43 |
| Recycling Tonnage Grant - 2013 | | \$ 6,076.79 | \$ 1,002.41 | 5,074.38 |
| Clean Communities Program - 2005 | 286.65 | | | 286.65 |
| Clean Communities Program - 2009 | 268.59 | | 63.43 | 205.16 |
| Clean Communities Program - 2011 | 4,924.22 | | 4,924.22 | |
| Clean Communities Program - 2012 | 4,330.84 | | 4,330.84 | |
| Clean Communities Program - 2013 | | 7,633.75 | 7,633.75 | |
| NJ Management Hazardous Material | | | | |
| Emergency Preparation | 8,000.00 | | | 8,000.00 |
| Open Space Grant | 475.50 | | | 475.50 |
| NJ Department of Transportation: | | | | |
| Municipal Aid Program: | | | | |
| 2008 - Meadows Road Reconstruction | 1,029.30 | | | 1,029.30 |
| 2010 - Garrison Road | 650.95 | | | 650.95 |
| 2011 - Dennis Road Wall Reconstruction | 38,183.01 | | 146.25 | 38,036.76 |
| | <u>\$ 64,282.80</u> | <u>\$ 13,710.54</u> | <u>\$ 18,100.90</u> | <u>\$ 59,892.44</u> |
| Ref. | A | | | A |

TOWNSHIP OF LAFAYETTE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

| | Balance Dec. 31, 2012 | Cash Received | Transferred to 2013 Budget Revenue | Balance Dec. 31, 2013 |
|-------------------------|--------------------------|---------------------|---|--------------------------|
| Recycling Tonnage Grant | \$ 6,076.79 | \$ 5,330.30 | \$ 6,076.79 | \$ 5,330.30 |
| Clean Communities Grant | <u>7,633.75</u> | <u>8,962.64</u> | <u>7,633.75</u> | <u>8,962.64</u> |
| | <u>\$ 13,710.54</u> | <u>\$ 14,292.94</u> | <u>\$ 13,710.54</u> | <u>\$ 14,292.94</u> |
| <u>Ref.</u> | A | | | A |

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
TRUST FUNDS

TOWNSHIP OF LAFAYETTE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Funds</u> |
|--|-------------|----------------------------|--------------------------|
| Balance December 31, 2012 | B | \$ 1,105.11 | \$ 638,431.71 |
| Increased by Receipts: | | | |
| License Fees Collected | | \$ 5,301.80 | |
| Late Fees | | 390.20 | |
| Kennel Licenses | | 75.00 | |
| Replacement Tag Fees | | 2.00 | |
| State Registration Fees | | 931.20 | |
| Escrow Bond Deposits | | | \$ 39,401.00 |
| Recreation | | | 1,010.00 |
| Fire Prevention Deposits | | | 13,253.87 |
| Open Space Farm Lease | | | 750.00 |
| Open Space Tax | | | 33,408.00 |
| State of New Jersey Green Acres Grant | | | 11,702.54 |
| Tax Sale Premiums | | | 7,100.00 |
| Snow Removal | | | 18,516.97 |
| Interest Due to Current Fund | | | 30.82 |
| Interest Earned on Investments: | | | |
| Open Space Trust | | | 170.75 |
| Affordable Housing | | | 33.58 |
| Developers Escrows and Driveway Bonds | | | 45.66 |
| Due From Current Fund: | | | |
| Interfund Returned - Open Space Trust Fund | | | 216.84 |
| | | <u>6,700.20</u> | <u>125,640.03</u> |
| | | 7,805.31 | 764,071.74 |
| Decreased by Disbursements: | | | |
| Due to Current Fund: | | | |
| Interfund Returned | | | 32.45 |
| State Registration Fees | | 961.80 | |
| Administrative Expenses | | 5,886.02 | |
| Escrow Bond Deposits Expenditures | | | 34,366.50 |
| Recreation Expenditures | | | 3,119.66 |
| Open Space Trust Expenditures | | | 24,164.53 |
| Fire Prevention Expenditures | | | 10,355.84 |
| Developers Escrows Deposits | | | 714.06 |
| Affordable Housing Expenditures | | | 810.50 |
| Tax Sale Premiums | | | 16,200.00 |
| Snow Removal | | | 767.02 |
| | | <u>6,847.82</u> | <u>90,530.56</u> |
| Balance December 31, 2013 | B | <u>\$ 957.49</u> | <u>\$ 673,541.18</u> |

TOWNSHIP OF LAFAYETTE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | |
|---------------------------------------|-------------|------------------|
| Balance December 31, 2012 | B | \$ 1,074.51 |
| Increased by: | | |
| Animal Control License Fees Collected | | \$ 5,301.80 |
| Late Fees | | 390.20 |
| Kennel Licenses | | 75.00 |
| Replacement Tag Fees | | <u>2.00</u> |
| | | <u>5,769.00</u> |
| | | 6,843.51 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | | <u>5,886.02</u> |
| Balance December 31, 2013 | B | <u>\$ 957.49</u> |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|---------------------|
| 2011 | \$ 5,331.20 |
| 2012 | <u>5,723.20</u> |
| Maximum Allowable Reserve | <u>\$ 11,054.40</u> |

TOWNSHIP OF LAFAYETTE
COUNTY OF SUSSEX
2013
GENERAL CAPITAL FUND

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|----------------------------|-------------|------------------------|
| Balance December 31, 2012 | C | \$ 1,140,021.68 |
| Increased by Receipts: | | |
| 2013 Budget Appropriation: | | |
| Capital Improvement Fund | | <u>278,350.00</u> |
| | | 1,418,371.68 |
| Decreased by: | | |
| Improvement Authorizations | | <u>125,993.99</u> |
| Balance December 31, 2013 | C | <u>\$ 1,292,377.69</u> |

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

| | Balance | Receipts | Disbursements | Transfers | | Balance/ |
|--|---|-------------------------|-------------------------------|----------------------|----------------------|----------------------------|
| | Dec. 31, 2012 | Budget Appropriation | Improvement Authorizations | From | To | (Deficit) Dec. 31, 2013 |
| Capital Fund Balance | \$ 362,783.20 | | | | | \$ 362,783.20 |
| Capital Improvement Fund | 668,625.30 | \$ 278,350.00 | | \$ 286,028.00 | \$ 12,000.00 | 672,947.30 |
| Due from Current Fund | | | | 44,604.50 | | (44,604.50) |
| Reserve for: | | | | | | |
| Purchase of Fire Truck and Fire Equipment | 9,347.63 | | | | | 9,347.63 |
| Improvements to Public/Recreational Property | 24,406.92 | | | | | 24,406.92 |
| Purchase of Road Equipment | 1,200.00 | | | | | 1,200.00 |
| Improvements to Various Roads | 886.53 | | | | | 886.53 |
| FEMA Funded Purchase of Generators | 60,772.10 | | | | | 60,772.10 |
| FEMA Funded Emergency Management Equipment | | | | | 44,604.50 | 44,604.50 |
| Encumbrances Payable | | | | | 137,471.58 | 137,471.58 |
| <u>Ord. Date</u> | <u>Improvement Description</u> | | | | | |
| 1/3/2012 | Drilling of Well for Fire House | 12,000.00 | | 12,000.00 | | |
| 1/22/2013 | Purchase HP Proliant 350 Server | | \$ 5,100.00 | | 5,100.00 | |
| 6/5/2013 | Repair Various Roads | | 24,000.00 | | 24,000.00 | |
| 6/5/2013 | Repair Meadow Ridge Lane | | 9,500.00 | | 9,500.00 | |
| 7/2/2013 | Mason Dump Truck | | | 75,428.00 | 75,428.00 | |
| 7/2/2013 | Repair Various Roads | | 85,000.00 | | 85,000.00 | |
| 8/6/2013 | Repair Meadow Ridge Lane | | 2,000.00 | | 2,000.00 | |
| 9/3/2013 | Purchase 3,000 Gallon Fire Tanker | | | 61,200.00 | 61,200.00 | |
| 10/1/2013 | Purchase 12 Timers for Christmas Lights | | 393.99 | | 5,400.00 | 5,006.01 |
| 10/15/2013 | Purchase Fire Department Turnout Gear | | | 843.58 | 5,400.00 | 4,556.42 |
| 11/6/2013 | Route 15 & 94 Safety Study | | | | 6,000.00 | 6,000.00 |
| 12/3/2013 | Purchase of 7 Air Cylinders | | | | 7,000.00 | 7,000.00 |
| | | <u>\$ 1,140,021.68</u> | <u>\$ 278,350.00</u> | <u>\$ 480,104.08</u> | <u>\$ 480,104.08</u> | <u>\$ 1,292,377.69</u> |

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

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Improvement Description | Ordinance | | Balance Dec. 31, 2012 Funded | 2013 Authorizations Capital Improvement Fund | Paid or Charged | Improvement Authorization Canceled | Balance Dec. 31, 2013 Funded |
|---|-------------|--------------|------------------------------------|--|----------------------|--|------------------------------------|
| | Date | Amount | | | | | |
| Drilling of Well for Fire House | 01/03/12 | \$ 12,000.00 | \$ 12,000.00 | | | \$ 12,000.00 | |
| HP Proliant 350 Server | 01/22/13 | 5,100.00 | | \$ 5,100.00 | \$ 5,100.00 | | |
| Repair Various Roads | 06/05/13 | 24,000.00 | | 24,000.00 | 24,000.00 | | |
| Repair Meadow Ridge Lane | 06/05/13 | 9,500.00 | | 9,500.00 | 9,500.00 | | |
| Mason Dump Truck | 07/02/13 | 75,428.00 | | 75,428.00 | 75,428.00 | | |
| Repair of Various Roads | 07/02/13 | 85,000.00 | | 85,000.00 | 85,000.00 | | |
| Repair Meadow Ridge Lane | 08/06/13 | 2,000.00 | | 2,000.00 | 2,000.00 | | |
| Purchase 3,000 Gallon Fire Tanker | 09/03/13 | 61,200.00 | | 61,200.00 | 61,200.00 | | |
| Purchase 12 Timers for Christmas Lights | 10/01/13 | 5,400.00 | | 5,400.00 | 393.99 | | \$ 5,006.01 |
| Purchase of Fire Dept. Turnout Gear | 10/15/13 | 5,400.00 | | 5,400.00 | 843.58 | | 4,556.42 |
| Route 15 & 94 Safety Study | 11/06/13 | 6,000.00 | | 6,000.00 | | | 6,000.00 |
| Purchase of 7 Air Cylinders | 12/03/13 | 7,000.00 | | 7,000.00 | | | 7,000.00 |
| | | | <u>\$ 12,000.00</u> | <u>\$ 286,028.00</u> | <u>\$ 263,465.57</u> | <u>\$ 12,000.00</u> | <u>\$ 22,562.43</u> |
| | <u>Ref.</u> | | C | | <u>Ref.</u> | | C |
| | | | Capital Improvement Fund | | | <u>\$ 12,000.00</u> | |
| | | | Cash Disbursed | | \$ 125,993.99 | | |
| | | | Encumbrances | C | 137,471.58 | | |
| | | | | | <u>\$ 263,465.57</u> | | |

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|-------------------------------------|-------------|----------------------|
| Balance December 31, 2012 | C | \$ 668,625.30 |
| Increased by: | | |
| 2013 Budget Appropriation | | \$ 278,350.00 |
| Improvement Authorization Cancelled | | <u>12,000.00</u> |
| | | <u>290,350.00</u> |
| | | 958,975.30 |
| Decreased by: | | |
| Appropriated to Finance | | |
| Improvement Authorizations | | <u>286,028.00</u> |
| Balance December 31, 2013 | C | <u>\$ 672,947.30</u> |

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF LAFAYETTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

| Name of Federal Agency or Department | Name of Program | Pass-Through Entity ID# | C.F.D.A. Number | Grant Award | Amount Received | Grant Period | | Amount of Expenditures | |
|---|--|------------------------------------|--------------------|-----------------------|------------------------------|----------------------|----------------------|-----------------------------------|------------------------------|
| | | | | | | From | To | Year to Date | Cumulative |
| U.S. Department of Transportation (Passed through New Jersey Department of Transportation) | Municipal Aid Program - Dennis Road Wall Reconstruction | 6320-480-078-6320 xxx-TCAP-6010 | 20.205 | \$ 166,000.00 | <u>\$ 118,159.72</u> | 01/01/11 | 12/31/13 | <u>\$ 146.25</u> | <u>\$ 127,963.24</u> |
| Total US Department of Transportation | | | | | <u>118,159.72</u> | | | <u>146.25</u> | <u>127,963.24</u> |
| U.S. Department of Homeland Security: (Passed Through New Jersey Department of Law and Public Safety) | Disaster Grants - Public Assistance - FEMA: Hurricane Irene Hurricane Sandy | N/A N/A | 97.036 97.036 | 2,522.70 44,604.50 | 2,522.70 <u>44,604.50</u> | 01/01/11 01/01/12 | 12/31/11 12/31/12 | 2,522.70 * <u>44,604.50 **</u> | 2,522.70 <u>44,604.50</u> |
| Total US Department of Homeland Security | | | | | <u>47,127.20</u> | | | <u>47,127.20</u> | <u>47,127.20</u> |
| Total Federal Awards | | | | | <u>\$ 165,286.92</u> | | | <u>\$ 47,273.45</u> | <u>\$ 175,090.44</u> |

N/A - Not Available

* - Expended in 2011.

** - Expended in 2012.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LAFAYETTE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

| Name of State Agency or Department | State Program | State Account No. | Grant Award | Amount Received | Grant Period | | Amount of Expenditures | |
|---|------------------------------|---------------------------|---|--------------------|--------------|----------|---------------------------|-------------|
| | | | | | From | To | Year to Date | Cumulative |
| Department of Environmental Protection | Clean Communities Program | 765-042-4900- 004-6020 | \$ 6,285.82 7,352.77 7,656.55 7,761.12 7,633.75 | | 01/01/05 | 12/31/14 | | \$ 5,999.17 |
| | | | | | 01/01/09 | 12/31/14 | \$ 63.43 | 7,147.61 |
| | | | | | 01/01/10 | 12/31/13 | 4,924.22 | 7,656.55 |
| | | | | | 01/01/11 | 12/31/13 | 4,330.84 | 7,761.12 |
| | | | | | 01/01/12 | 12/31/13 | 7,633.75 | 7,633.75 |
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SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LAFAYETTE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

A. General

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state awards programs of the Township of Lafayette. The Township of Lafayette is defined in Note 1 to the Township's financial statements. All federal and state financial awards received directly from federal and state agencies, as well as federal and state financial awards passed through other governmental agencies are included on the schedules of expenditures of federal and state awards.

B. Basis of Accounting

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

C. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state reports.



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Lafayette
Lafayette, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements of the various funds of the Township of Lafayette, in the County of Sussex (the "Township") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated February 21, 2014. These financial statements have been prepared in accordance with accounting principles prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2013-01, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Committee
Township of Lafayette
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of 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*.

The Township's Response to the Finding

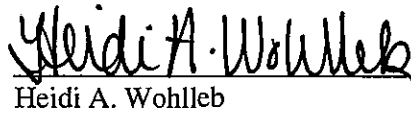
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
February 21, 2014

NISIVOCCIA LLP

A handwritten signature in black ink, reading "Heidi A. Wohlleb", is written over a horizontal line.

Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

TOWNSHIP OF LAFAYETTE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 for the year ended December 31, 2013 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2013-1

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

TOWNSHIP OF LAFAYETTE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2013
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF LAFAYETTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

The Township's prior year finding was not resolved in 2013 and is included in the audit for the year ended December 31, 2013.

TOWNSHIP OF LAFAYETTE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF LAFAYETTE
COMMENTS AND RECOMMENDATIONS

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500; and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the Township of Lafayette has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF LAFAYETTE
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Utility Charges

On January 7, 2013, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Lafayette, Sussex County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 21, 2013, and was complete with respect to all items eligible for sale.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2013 | 15 |
| 2012 | 18 |
| 2011 | 17 |

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

TOWNSHIP OF LAFAYETTE
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

| <u>Type</u> | <u>Number Mailed</u> |
|-----------------------------|----------------------|
| Payments of 2014 Taxes | 20 |
| Payments of 2013 Taxes | 20 |
| Delinquent Taxes Receivable | 20 |
| Tax Title Liens Receivable | 4 |

Verification notices were mailed to confirm balances receivable as of December 31, 2013. The items that were returned were compared to, and are in agreement with, the Township's records. For receivable items not returned, alternative procedures were performed.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting and record system.

The Township currently complies with these technical directives.

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds, as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is recommended that consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints; no resolution can be made at this time.

TOWNSHIP OF LAFAYETTE
COMMENTS AND RECOMMENDATIONS
(Continued)

Payroll

During our review of the payroll records, it was noted that timesheets for the Department of Public Works employees were not formally approved by a designated employee or official.

It is recommended that timesheets for the Department of Public Works employees are formally approved by a designated employee or official.

Management's Response

Timesheets will be formally approved for the Department of Public Works employees by a designated employee or official.

Management Suggestions:

Federal and State Grant Receivables and Appropriated Grant Reserves

There are a number of older federal and state grant receivable and appropriated reserves balances. It is suggested that these older grant receivables and appropriated reserve balances be reviewed for possible cancellation.

Purchase Order Process

During our review of the purchase orders processed during the year, we noted that since all of the finance duties are being performed by the Chief Financial Officer, it is not always possible for purchase orders to be physically encumbered in the accounting software prior to orders being placed for certain goods or services. We confirmed that verbal approval is given by the Chief Financial Officer for these orders. However, consideration should be given to maintaining an approval log for these purchase orders or other similar documentation.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve the comments and recommendations from the 2012 Audit Report. The prior year recommendation with respect to segregation of duties was not resolved and is included as a current year recommendation.

TOWNSHIP OF LAFAYETTE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration is given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. Timesheets for the Department of Public Works employees are formally approved by a designated employee or official.

* * * * *