

*TOWNSHIP OF LAFAYETTE*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2016*

*NISIVOCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
REPORT OF AUDIT  
2016

TOWNSHIP OF LAFAYETTE  
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TOWNSHIP OF LAFAYETTE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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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, 2016 and 2015, 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; this includes 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 and account group of the Township as of December 31, 2016 and 2015, or the changes in financial position where applicable, 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. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, 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, 2016 and 2015 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, 2016 and 2015, 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 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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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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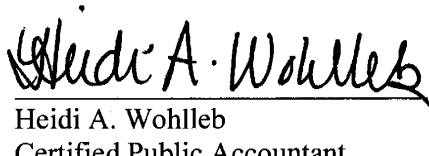
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to 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 April 11, 2017 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  
April 11, 2017

NISIVOCCIA LLP



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



TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
CURRENT FUND

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 1,452,106.40	\$ 1,092,187.78
Change Fund			25.00
		<u>1,452,106.40</u>	<u>1,092,212.78</u>
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions		<u>8,007.28</u>	<u>8,269.61</u>
		<u>1,460,113.68</u>	<u>1,100,482.39</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	256,554.12	324,453.20
Tax Title Liens Receivable	A-8	285,084.09	272,018.21
Due from:			
Lafayette Township Fire Department			24.69
Federal and State Grant Fund	A		43,806.98
Animal Control Fund	B		0.42
Other Trust Funds	B	3.06	7,811.21
		<u>541,641.27</u>	<u>648,114.71</u>
Total Receivables and Other Assets with Full Reserves			
		<u>2,001,754.95</u>	<u>1,748,597.10</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	3,193.06	70,000.00
Due from Current Fund	A	22,877.78	
		<u>26,070.84</u>	<u>70,000.00</u>
Total Federal and State Grant Fund			
		<u>\$ 2,027,825.79</u>	<u>\$ 1,818,597.10</u>
TOTAL ASSETS			

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

	Ref.	December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 28,848.38	\$ 9,914.96
Unencumbered	A-3;A-11	143,098.73	104,969.45
		<u>171,947.11</u>	<u>114,884.41</u>
Due to State of New Jersey:			
Marriage License Fees			25.00
Due to:			
Federal and State Grant Fund	A	22,877.78	
Open Space Trust Fund	B	245.51	1,752.88
Animal Control Fund	B	21.86	
Lafayette Emergency Management Services			30.00
County Added and Omitted Taxes Payable		15,405.41	449.77
Tax Overpayments			4.83
Prepaid Taxes		61,034.99	105,335.64
Reserve for:			
Revaluation		2,642.50	2,642.50
Revision of Tax Maps		20,428.12	19,253.12
Pending Tax Appeals		61,803.05	61,803.05
Environmental Contingencies		76,173.20	76,173.20
Redemption of Outside Lien		27,203.51	
Master Plan Update		12,434.57	12,434.57
		<u>472,217.61</u>	<u>394,788.97</u>
Reserve for Receivables and Other Assets	A	541,641.27	648,114.71
Fund Balance	A-1	987,896.07	705,693.42
		<u>2,001,754.95</u>	<u>1,748,597.10</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due to Current Fund	A		43,806.98
Due to General Capital Fund	C	4,750.00	
Appropriated Reserves	A-14	9,639.26	15,980.52
Unappropriated Reserves	A-15	11,681.58	10,212.50
		<u>26,070.84</u>	<u>70,000.00</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,027,825.79</u>	<u>\$ 1,818,597.10</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

	Ref.	Year Ended December 31,	
		2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	335,000.00	\$ 349,000.00
Miscellaneous Revenue Anticipated		920,062.60	945,381.30
Receipts from:			
Delinquent Taxes		353,037.58	287,638.34
Current Taxes		8,795,991.16	8,716,316.77
Nonbudget Revenue		31,753.73	40,570.92
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		55,863.47	34,069.42
Interfunds Returned		51,643.30	17,688.12
Prior Year Senior Citizens' Deductions Allowed			250.00
Cancellation of Appropriated Grant Reserves			39,717.01
		<u>10,543,351.84</u>	<u>10,430,631.88</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,792,207.87	1,774,688.21
Municipal Open Space Taxes		33,156.71	34,294.88
County Taxes		1,923,722.55	1,815,354.55
Local School District Taxes		4,196,187.00	4,143,588.00
Regional High School Taxes		1,980,872.00	2,195,814.00
Cancellation of Grant Receivables			54,924.46
Interfunds Advanced		3.06	51,643.30
		<u>9,926,149.19</u>	<u>10,070,307.40</u>
Excess in Revenue		617,202.65	360,324.48
Balance January 1		705,693.42	694,368.94
		<u>1,322,896.07</u>	<u>1,054,693.42</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>335,000.00</u>	<u>349,000.00</u>
Balance December 31	A	<u>\$ 987,896.07</u>	<u>\$ 705,693.42</u>

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, 2016

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 335,000.00		\$ 335,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	1,000.00		1,000.00	
Fees and Permits	11,000.00		21,802.00	\$ 10,802.00
Interest and Costs on Taxes	60,000.00		88,002.76	28,002.76
Consolidated Municipal Property Tax Relief Aid	5,870.00		5,870.00	
Energy Receipts Tax	177,998.00		177,998.00	
Garden State Preservation Trust	4,576.00		4,576.00	
Shared Service Agreements:				
Financial Administration - Township of Andover	75,077.51		75,085.00	7.49
Financial Administration - Borough of Sussex	20,400.00		20,400.00	
Tax Assessment Administration	20,094.29		20,094.00	0.29
Recycling Tonnage Grant	3,655.74		3,655.74	
Clean Communities Program	10,212.50		10,212.50	
S.C.M.U.A. Host Community Benefit Fees	235,000.00		491,366.60	256,366.60
	<u>624,884.04</u>		<u>920,062.60</u>	<u>295,178.56</u>
Receipts from Delinquent Taxes	300,000.00		353,037.58	53,037.58
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	907,323.83		1,037,052.90	129,729.07
Budget Totals	<u>2,167,207.87</u>		<u>2,645,153.08</u>	<u>477,945.21</u>
Nonbudget Revenue			<u>31,753.73</u>	<u>31,753.73</u>
	<u>\$ 2,167,207.87</u>	<u>\$ -0-</u>	<u>\$ 2,676,906.81</u>	<u>\$ 509,698.94</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 8,795,991.16
Allocated to:		
County, Local School and Regional School Taxes	\$ 8,100,781.55	
Municipal Open Space Taxes	<u>33,156.71</u>	
		<u>8,133,938.26</u>
Balance for Support of Municipal Budget		662,052.90
Add: Appropriation "Reserve for Uncollected Taxes"		<u>375,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 1,037,052.90</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 351,744.35
Tax Title Liens Redeemed		<u>1,293.23</u>
		<u><u>\$ 353,037.58</u></u>

Analysis of Nonbudget Revenue:

Treasurer:

Interest on Investments and Deposits:

Collected/Received by Treasurer	\$ 2,688.75	
Due from Other Trust Funds	<u>3.05</u>	

Total Interest on Investments and Deposits \$ 2,691.80

Fines and Costs - Municipal Court	12,977.19	
Recycling fees - DPW	2,321.04	
Cable TV Franchise Fees	7,718.00	
Municipal Clerk Licenses and Other Miscellaneous	247.44	
Senior Citizens' and Veterans' Deductions		
Administrative Reimbursement	458.68	
Other Miscellaneous Revenue	<u>3,535.98</u>	
		27,258.33

Tax Collector:

In Lieu of Taxes	1,713.60	
Other Miscellaneous	<u>90.00</u>	

1,803.60

\$ 31,753.73

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

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS":				
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 180.00	\$ 180.00	\$ 50.00	\$ 130.00
Other Expenses	1,600.00	1,800.00	1,720.25	79.75
Mayor and Council:				
Salaries and Wages	13,426.00	13,426.00	13,426.00	
Other Expenses	1,200.00	1,200.00	867.70	332.30
Municipal Clerk:				
Salaries and Wages	40,945.89	40,945.89	40,945.89	
Other Expenses	1,200.00	1,200.00	991.37	208.63
Other Expenses - Codification of Ordinances	4,800.00	4,800.00	3,485.00	1,315.00
Elections:				
Salaries and Wages	150.00	150.00	150.00	
Other Expenses	2,200.00	2,200.00	1,983.38	216.62
Financial Administration (Treasury):				
Salaries and Wages	31,891.82	31,891.82	31,891.82	
Other Expenses	3,000.00	3,000.00	2,149.66	850.34
Annual Audit	22,400.00	22,400.00	13,609.00	8,791.00
Computerized Data Processing:				
Other Expenses	11,400.00	12,650.00	12,608.15	41.85
Revenue Administration (Tax Collection):				
Salaries and Wages	1,000.00	1,000.00	1,000.00	
Other Expenses	1,900.00	1,900.00	1,857.73	42.27
Other Expenses - Contractual	44,297.00	44,297.00	44,151.43	145.57
Tax Assessment Administration:				
Salaries and Wages	15,450.00	15,450.00	15,450.00	

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Continued):				
GENERAL GOVERNMENT (Continued):				
Tax Assessment Administration (Continued):				
Salaries and Wages - Assessment Search Officer	\$ 1,000.00	\$ 1,000.00	\$ 961.53	\$ 38.47
Other Expenses	2,200.00	2,200.00	2,141.70	58.30
Legal Services & Costs:				
Other Expenses	37,000.00	39,300.00	39,247.85	52.15
Engineering Services & Costs:				
Other Expenses	5,000.00	7,300.00	7,265.55	34.45
Municipal Economic Development Partnership:				
Other Expenses	2,000.00	2,000.00	159.30	1,840.70
LAND USE ADMINISTRATION:				
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	29,656.10	29,656.10	29,656.10	
Other Expenses	28,500.00	28,500.00	11,356.84	17,143.16
Zoning Official:				
Salaries and Wages	4,204.40	4,824.40	4,406.27	418.13
Other Expenses	500.00	500.00	50.00	450.00
INSURANCE:				
General Liability	97,478.00	97,978.00	97,978.00	
Employee Group Health	187,866.36	170,286.36	144,841.27	25,445.09
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	2,600.00	2,600.00	2,483.55	116.45



TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Continued):				
PUBLIC SAFETY:				
Emergency Management Services:				
Salaries and Wages	\$ 50.00	\$ 50.00		\$ 50.00
Other Expenses	50.00	50.00	\$ 10.00	40.00
Other Expenses - First Responders	10,500.00	10,500.00	10,500.00	
Aid to Volunteer Fire Company	29,000.00	29,000.00	29,000.00	
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries and Wages	245,440.00	253,440.00	253,430.78	9.22
Other Expenses	68,000.00	68,000.00	60,182.03	7,817.97
Snow Removal:				
Salaries and Wages	38,000.00	38,000.00	23,680.40	14,319.60
Other Expenses	77,000.00	77,000.00	64,337.55	12,662.45
Solid Waste Collection:				
Recycling Coordinator:				
Salaries and Wages	2,787.26	2,787.26	2,787.26	
Other Expenses	250.00	250.00	140.94	109.06
Public Buildings & Grounds:				
Other Expenses	11,800.00	11,800.00	9,752.20	2,047.80
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	60.00	60.00		60.00
Other Expenses	100.00	100.00	10.20	89.80
Salaries and Wages - Registrar	1,000.00	1,000.00	1,000.00	

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</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):				
Board of Health (Continued):				
Other Expenses - Registrar	\$ 500.00	\$ 500.00	\$ 180.00	\$ 320.00
Other Expenses - Municipal Alliance	1,055.00	1,055.00	1,054.67	0.33
Animal Control:				
Other Expenses	4,100.00	5,000.00	4,982.86	17.14
PARK AND RECREATION:				
Recreation:				
Salaries and Wages	10,500.00	10,610.00	10,601.39	8.61
Other Expenses	24,550.00	24,550.00	23,724.18	825.82
Open Space Committee:				
Other Expenses	500.00	500.00	13.80	486.20
UNCLASSIFIED:				
Celebration of Public Events:				
Other Expenses	3,500.00	4,900.00	3,643.91	1,256.09
Electricity	13,500.00	13,500.00	12,171.36	1,328.64
Street Lighting	3,000.00	3,000.00	2,479.70	520.30
Telephone	9,800.00	9,800.00	9,337.73	462.27
Gasoline (Natural or Propane)	8,000.00	8,000.00	4,852.09	3,147.91
Fuel Oil	26,000.00	26,000.00	15,487.95	10,512.05
 Total Operations Within "CAPS"	 <u>1,184,087.83</u>	 <u>1,184,087.83</u>	 <u>1,070,246.34</u>	 <u>113,841.49</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Continued):				
UNCLASSIFIED: (Continued)				
Detail:				
Salaries and Wages	\$ 435,741.47	\$ 444,471.47	\$ 429,437.44	\$ 15,034.03
Other Expenses	748,346.36	739,616.36	640,808.90	98,807.46
Deferred Charges and Statutory Expenditures - Municipal				
Within "CAPS":				
Statutory Expenditures:				
Contribution to :				
Public Employees' Retirement System	48,397.00	48,397.00	39,842.26	8,554.74
Social Security (O.A.S.I)	36,500.00	36,500.00	34,656.93	1,843.07
Total Deferred Charges and Statutory				
Expenditures - Municipal Within "CAPS"	84,897.00	84,897.00	74,499.19	10,397.81
Total General Appropriations for Municipal				
Purposes Within "CAPS"	1,268,984.83	1,268,984.83	1,144,745.53	124,239.30

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Excluded from "CAPS":				
Police:				
911 Dispatching - Contractual	\$ 11,245.00	\$ 11,245.00	\$ 11,242.44	\$ 2.56
Affordable Housing Administration (N.J.S.A.40A:45.3T):				
Other Expenses	8,000.00	8,000.00	7,931.96	68.04
Employee Group Health	2,538.00	2,538.00	2,538.00	
Shared Services Agreements:				
Joint Municipal Court:				
Other Expenses - Contractual	60,000.00	60,000.00	43,289.13	16,710.87
Financial Administration:				
Salaries and Wages - Andover Township	75,077.51	75,077.51	73,596.43	1,481.08
Salaries and Wages - Sussex Borough	20,400.00	20,400.00	20,000.00	400.00
Tax Assessment Administration:				
Salaries and Wages	20,094.29	20,094.29	19,897.41	196.88
Public and Private Programs Offset by Revenue:				
Clean Communities Grant	10,212.50	10,212.50	10,212.50	
Recycling Tonnage Grant	3,655.74	3,655.74	3,655.74	
<b>Total Operations Excluded from "CAPS":</b>	<b>211,223.04</b>	<b>211,223.04</b>	<b>192,363.61</b>	<b>18,859.43</b>
 Detail:				
Salaries and Wages	40,494.29	40,494.29	39,897.41	596.88
Other Expenses	170,728.75	170,728.75	152,466.20	18,262.55

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements:				
Capital Improvement Fund	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	
Total Capital Improvements	<u>312,000.00</u>	<u>312,000.00</u>	<u>312,000.00</u>	
Total General Appropriations for Municipal Purposes	1,792,207.87	1,792,207.87	1,649,109.14	\$ 143,098.73
Reserve for Uncollected Taxes	<u>375,000.00</u>	<u>375,000.00</u>	<u>375,000.00</u>	
Total General Appropriations	<u><u>\$ 2,167,207.87</u></u>	<u><u>\$ 2,167,207.87</u></u>	<u><u>\$ 2,024,109.14</u></u>	<u><u>\$ 143,098.73</u></u>

Ref.

A

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Ref.</u>	<u>Analysis of Paid or Charged</u>
Reserve for Uncollected Taxes		\$ 375,000.00
Reserve for Encumbrances	A	28,848.38
Transfer to Federal and State Grant Fund		13,868.24
Due to Animal Control Fund		21.86
Cash Disbursed		<u>1,643,476.60</u>
		2,061,215.08
Less: Appropriation Refunds		<u>37,105.94</u>
		<u><u>\$ 2,024,109.14</u></u>

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

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
TRUST FUNDS

TOWNSHIP OF LAFAYETTE  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 105.34	\$ 225.31
Due From Current Fund - Animal Control Fund	A	21.86	
		<u>127.20</u>	<u>225.31</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	527,838.88	458,686.91
Due From Current Fund - Open Space Trust Fund	A	245.51	1,752.88
		<u>528,084.39</u>	<u>460,439.79</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 528,211.59</u></u>	<u><u>\$ 460,665.10</u></u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A		\$ 0.42
Due to State Board of Health		\$ 127.20	127.20
Reserve for Animal Control Expenditures	B-6		97.69
		<u>127.20</u>	<u>225.31</u>
Other Trust Funds:			
Due to Current Fund	A	3.06	7,811.21
Reserve for:			
Escrow and Driveway Bonds		60,965.57	63,270.87
Recreation		12,994.74	11,411.70
Fire Prevention Penalty Fees		16,382.50	15,386.87
Developers Escrow		181,381.83	130,917.66
Affordable Housing		40,223.88	57,266.61
Tax Sale Premiums		26,550.00	9,050.00
Open Space Trust		186,844.89	164,110.55
Storm Recovery		2,737.92	1,214.32
		<u>528,084.39</u>	<u>460,439.79</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><u>\$ 528,211.59</u></u>	<u><u>\$ 460,665.10</u></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, 2016

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, 2016

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,255,885.52	\$ 1,244,504.32
Due from:			
Federal and State Grant Fund	A	4,750.00	
TOTAL ASSETS		<u>\$ 1,260,635.52</u>	<u>\$ 1,244,504.32</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 191,038.90	\$ 90,013.45
Capital Improvement Fund	C-6	565,505.83	649,751.30
Reserve for:			
Encumbrances Payable		2,176.44	738.69
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
Improvements to Various Roads			886.53
FEMA Funded Purchase of Generators		60,772.10	60,772.10
FEMA Funded Emergency Management Equipment		44,604.50	44,604.50
Fund Balance	C-1	362,783.20	362,783.20
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,260,635.52</u>	<u>\$ 1,244,504.32</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, 2015	C	<u>\$ 362,783.20</u>
Balance December 31, 2016	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  
2016  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE



TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP  
  
(UNAUDITED)

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

	December 31,	
	2016	2015
<u>ASSETS</u>		
Land	\$ 1,096,077.00	\$ 1,096,077.00
Buildings and Improvements	1,938,437.50	1,938,437.50
Equipment	1,815,506.47	1,949,852.65
TOTAL ASSETS	\$ 4,850,020.97	\$ 4,984,367.15
<u>RESERVES</u>		
Reserve for Fixed Assets	\$ 4,850,020.97	\$ 4,984,367.15
TOTAL RESERVES	\$ 4,850,020.97	\$ 4,984,367.15

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

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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, 2016  
 (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 received; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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, 2016  
(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) - In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, or estimated historical cost in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; 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 Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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,		
	2016	2015	2014
<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-	-0-
Net Bonds and Notes Issued and Authorized but not Issued	\$ -0-	\$ -0-	\$ -0-

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

There was no debt issued and outstanding at December 31, 2016, 2015 or 2014.

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	1,730,000.00	\$ 1,730,000.00	
	\$ 1,730,000.00	\$ 1,730,000.00	\$ -0-

Net Debt of \$-0- divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$344,879,268 = 0.0%.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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	\$ 12,070,774.37
Net Debt	- 0 -
Remaining Borrowing Power	\$ 12,070,774.37

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

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$1,626,668 at June 30, 2016.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2016, which is included in the adopted Current Fund budget for the year ending December 31, 2017 is \$385,000.

Note 4: Pension Plans

Township employees participate in a defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:



TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$39,842.26 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$1,626,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.005%, which was a decrease of 0.00% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$39,842.26.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Township's proportionate share of the Net Pension Liability	\$ 1,993,292	\$ 1,626,668	\$ 1,323,988

Pension Plan Fiduciary Net Position

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

Note 5: Local and Regional 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.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$ 2.743</u>	<u>\$ 2.777</u>	<u>\$ 2.759</u>
<u>Apportionment of</u>			
<u>Tax Rate</u>			
Municipal	0.284	0.274	0.269
County	0.582	0.559	0.587
Local School	1.275	1.271	1.211
Regional High School	0.602	0.673	0.692
<u>Assessed Valuations</u>			
2016	<u>\$ 329,143,015.00</u>		
2015		<u>\$ 326,017,858.00</u>	
2014			<u>\$ 332,121,230.00</u>

Comparison of Tax Levies and Collection Currently

A study of the tabulation on the following page 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>
2016	\$ 9,074,714.36	\$ 8,795,991.16	96.92%
2015	9,055,718.57	8,716,316.77	96.25%
2014	9,169,400.26	8,846,673.53	96.48%

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.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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 below and on the following page.

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.

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.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

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;

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the Township to purchase the following types of securities: (Cont'd)

- (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;
  - (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, 2016, cash and cash equivalents of the Township of Lafayette consisted of the following:

<u>Fund</u>	<u>Checking Accounts</u>	<u>Savings Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current	\$ 1,452,101.87		\$ 4.53	\$ 1,452,106.40
Animal Control	105.34			105.34
Other Trust	90,342.81	\$ 437,496.07		527,838.88
General Capital	1,255,883.43		2.09	1,255,885.52
	<u>\$ 2,798,433.45</u>	<u>\$ 437,496.07</u>	<u>\$ 6.62</u>	<u>\$ 3,235,936.14</u>

During the period ended December 31, 2016, the Township did not hold any investments. The carrying amount of the Township of Lafayette's cash and cash equivalents at December 31, 2016, was \$3,235,936.14 and the bank balance was \$3,222,199.22. The \$6.62 in the NJ Cash Management Fund accounts are uninsured and unregistered.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 9: 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.

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, 2016 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, 2015 is as follows:

	<u>Statewide Insurance Fund</u>
Total Assets	\$ 42,511,989
Net Position	\$ 5,327,694
Total Revenue	\$ 27,313,612
Total Expenses	\$ 27,163,170
Change in Net Position	\$ 150,442
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, 2016  
(Continued)

Note 10: Risk Management

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, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 3.06	\$ 23,145.15
Federal and State Grant Fund	22,877.78	4,750.00
Animal Control Fund	21.86	
Other Trust Funds		3.06
Open Space Trust Fund	245.51	
General Capital Fund	4,750.00	
	<u>\$ 27,898.21</u>	<u>\$ 27,898.21</u>

The interfund payable in the Current Fund and the interfund receivable in the Federal and State Grant Fund are due to the net of grant funds received in the Current Fund and grant fund expenditures paid by 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 2016 open space added and omitted taxes collected in the Current Fund not turned over to the Open Space Trust Fund as of December 31, 2016. The interfund receivable in the Current Fund and the interfund payable in the Other Animal Control Fund and Other Trust Funds represents interest earned in 2016 not turned over as of December 31, 2016. Finally, the interfund payable in the Federal and State Grant Fund is grant funds utilized in the funding of a capital ordinance in the General Capital Fund and not turned over as of December 31, 2016.

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, 2016, 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, 2016  
(Continued)

Note 13: Contingent Liabilities (Cont'd)

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 \$61,803.05.

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 2016 Open Space tax levy was one cent (\$.01) or \$33,156.71 including added and omitted taxes. The balance in the Reserve for Open Space at December 31, 2016 was \$186,844.89.

TOWNSHIP OF LAFAYETTE  
SUPPLEMENTARY DATA

TOWNSHIP OF LAFAYETTE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2016

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>
Alan Henderson	Mayor		
Gregory Corcoran	Deputy Mayor		
Richard Bruning	Committeeman		
John D'Angeli	Committeeman		
Richard Hughes	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	*	*
Jason Laliker	Tax Assessor	*	*
Stephanie Pizzulo	Secretary Board of Health, Land Use Board, Construction & Fire Prevention Offices	*	*
John Abate	Animal Control Officer - thru Wantage Township		
Jim Cutler	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  
2016  
CURRENT FUND

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 1,092,187.78
Increased by Receipts:		
Tax Collector	\$ 9,239,818.61	
Change Fund	25.00	
Revenue Accounts Receivable	818,191.60	
Miscellaneous Revenue Not Anticipated	27,258.33	
Interest on Investments	2,688.75	
Due from Lafayette Township Fire Department	24.69	
Due from Other Trust Funds:		
Settlement of Prior Year Interfund	7,811.20	
Due from Animal Control Fund:		
Settlement of Prior Year Interfund	0.42	
Due to Federal and State Grant Fund:		
Interfund Advanced - Grant Funds Receivable	66,806.94	
Interfund Advanced - Unappropriated Reserves	15,337.32	
Due to/from State of New Jersey:		
Senior Citizens' and Veterans' Deductions	22,930.82	
Marriage License Fees	350.00	
Reserve for Revision of Tax Maps	350.00	
Appropriation Reserve Refunds	1.87	
Appropriation Refunds	37,105.94	
	<hr/>	<hr/>
		10,238,701.49
		11,330,889.27
Decreased by Disbursements:		
2016 Appropriation Expenditures	\$ 1,643,476.60	
2015 Appropriation Reserve Expenditures	59,022.81	
Local School District Taxes	4,196,187.00	
Regional High School Taxes Payable	1,980,872.00	
County Taxes	1,908,766.91	
Due to Other Trust Funds - Open Space:		
Settlement of Prior Year Interfund	1,752.88	
Open Space Tax Levy	32,911.20	
Due from Federal and State Grant Fund:		
Interfund Advanced - Appropriated Grant Fund Reserves	15,459.50	
Due to Lafayette Emergency Management Services	30.00	
Due to State of New Jersey:		
Marriage License Fees	375.00	
Tax Overpayments Refunded	7,083.60	
Third Party Lien Redemption	31,670.37	
Reserve for Revision of Tax Maps	1,175.00	
		<hr/>
		\$ 9,878,782.87
Balance December 31, 2016	A	<hr/> <hr/> \$ 1,452,106.40

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

## Increased by Receipts:

Taxes Receivable	\$ 9,019,731.38	
Interest and Costs on Taxes	88,002.76	
2017 Prepaid Taxes	61,034.99	
Tax Overpayments	7,078.77	
Municipal Liens	1,293.23	
Third Party Tax Title Liens	58,873.88	
Other Miscellenous	90.00	
In Lieu of Taxes	1,713.60	
Reserve for Revision of Tax Maps	<u>2,000.00</u>	
		\$ 9,239,818.61

## Decreased by:

Payments to Municipal Treasurer		<u>\$ 9,239,818.61</u>
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TOWNSHIP OF LAFAYETTE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

Year	Balance		Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2016
	Dec. 31, 2015	2016 Levy		2015	2016				
2013			\$ 2,661.93		\$ 2,661.93				
2014			8,453.83		8,453.83				
2015	\$ 324,453.20		16,178.17		340,628.59		\$ (65.29)	\$ 68.07	
	324,453.20		27,293.93		351,744.35		(65.29)	68.07	
2016		\$ 9,074,714.36		\$ 105,335.64	8,667,987.03	\$ 22,668.49	7,878.04	14,291.04	\$ 256,554.12
	\$ 324,453.20	\$ 9,074,714.36	\$ 27,293.93	\$ 105,335.64	\$ 9,019,731.38	\$ 22,668.49	\$ 7,812.75	\$ 14,359.11	\$ 256,554.12
Ref.	A								A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Taxes	\$ 9,028,392.90
Added and Omitted Taxes (54-5-63.1 et. seq.)	46,321.46
	<u>\$ 9,074,714.36</u>

Tax Levy:

Local School District Taxes	\$ 4,196,187.00
Regional High School Taxes	1,980,872.00
County Taxes:	
General Tax	\$ 1,908,317.14
County Added and Omitted Taxes	15,405.41
	<u>1,923,722.55</u>
	8,100,781.55
Local Tax for Municipal Purposes	907,323.83
Municipal Open Space Tax	32,911.70
Additional Open Space - Municipal	245.01
Add: Additional Tax Levied	33,452.27
	<u>973,932.81</u>
	<u>\$ 9,074,714.36</u>



TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 272,018.21
Increased by:		
Transfer from Taxes Receivable		<u>14,359.11</u>
		286,377.32
Decreased by:		
Municipal Liens Redeemed		<u>1,293.23</u>
Balance December 31, 2016	A	<u>\$ 285,084.09</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016

	<u>Accrued In</u> <u>2016</u>	<u>Collected by</u> <u>Treasurer</u>
Licenses:		
Alcoholic Beverages	\$ 1,000.00	\$ 1,000.00
Fees and Permits	21,802.00	21,802.00
Garden State Preservation Trust	4,576.00	4,576.00
Energy Receipts Tax	177,998.00	177,998.00
Consolidated Municipal Property Tax Relief Aid	5,870.00	5,870.00
S.C.M.U.A. Host Community Benefit Fees	491,366.60	491,366.60
Shared Service Agreements:		
Financial Administration	95,485.00	95,485.00
Tax Assessment Administration	20,094.00	20,094.00
	<u>\$ 818,191.60</u>	<u>\$ 818,191.60</u>

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Cash</u> <u>Received</u>	<u>Transferred</u> <u>from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Recycling Tonnage Grant - 2016		\$ 3,655.74		\$ 3,655.74	
Clean Communities Grant - 2016		10,212.50		10,212.50	
NJ Department of Transportation - Municipal Aid Program: 2014 - Statesville Quarry Road	<u>\$ 70,000.00</u>		<u>\$ 66,806.94</u>		<u>\$ 3,193.06</u>
	<u>\$ 70,000.00</u>	<u>\$ 13,868.24</u>	<u>\$ 66,806.94</u>	<u>\$ 13,868.24</u>	<u>\$ 3,193.06</u>

Ref.            A

A

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Salaries and Wages	\$ 180.00	\$ 180.00		\$ 180.00
Other Expenses	424.28	609.28	\$ 605.72	3.56
Mayor and Council:				
Other Expenses	655.00	655.00		655.00
Municipal Clerk:				
Other Expenses	673.21	673.21		673.21
Other Expenses - Codification of Ordinances	4,250.00	4,250.00		4,250.00
Elections:				
Other Expenses	285.92	285.92		285.92
Financial Administration:				
Other Expenses	128.87	128.87		128.87
Annual Audit Services	8,791.00	8,791.00	8,791.00	
Computerized Data Processing:				
Other Expenses	1,063.73	1,063.73		1,063.73
Revenue Administration (Tax Collection):				
Other Expenses	215.47	215.47		215.47
Tax Assessment Administration:				
Other Expenses	3,400.00	3,400.00		3,400.00
Legal Services & Costs:				
Other Expenses	14,618.00	12,318.00	3,037.50	9,280.50
Engineering Services & Costs:				
Other Expenses	2.00	2.00		2.00
Municipal Economic Development Partnership:				
Other Expenses	2,000.00	2,000.00		2,000.00
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Other Expenses	10,664.20	10,664.20	6,661.00	4,003.20
Zoning Official:				
Other Expenses	800.00	800.00		800.00
Insurance:				
Employee Group Health	5,524.12	5,524.12		5,524.12
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	219.53	219.53		219.53
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 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Road Repairs and Maintenance:				
Salaries and Wages	\$ 1,616.40	\$ 1,616.40		\$ 1,616.40
Other Expenses	4,307.40	6,307.40	\$ 6,143.37	164.03
Snow Removal:				
Salaries and Wages	650.01	650.01	650.01	
Other Expenses	10,000.01	10,000.01	10,000.01	
Solid Waste Collection:				
Recycling Coordinator:				
Other Expenses	250.00	250.00		250.00
Public Buildings & Grounds:				
Other Expenses	784.65	784.65	574.84	209.81
Board of Health:				
Other Expenses	91.30	91.30		91.30
Other Expenses - Registrar	130.00	130.00		130.00
Other Expenses - Municipal Alliance	0.66	0.66		0.66
Animal Control:				
Other Expenses	158.27	158.27		158.27
Recreation:				
Salaries and Wages	1,184.81	1,184.81	1,100.00	84.81
Other Expenses	2,613.09	2,613.09	2,543.34	69.75
Open Space Committee:				
Other Expenses	500.00	500.00		500.00
Celebration of Public Events:				
Other Expenses	1,397.60	1,397.60	1,300.00	97.60
Utility and Bulk Purchases:				
Electricity	16.10	16.10		16.10
Street Lighting	340.20	340.20	328.67	11.53
Telephone	446.28	561.28	553.12	8.16
Gasoline (Natural or Propane)	3,327.61	3,327.61	233.24	3,094.37
Fuel Oil	6,506.46	6,506.46	802.73	5,703.73

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Balance Dec. 31, 2015	Budget After Modification	Paid or Charged	Balance Lapsed
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 7,332.36	\$ 7,332.36		\$ 7,332.36
Social Security System (OASI)	43.95	43.95		43.95
Affordable Housing Administration:				
Other Expenses	650.10	650.10		650.10
Shared Service Agreements:				
Joint Municipal Court:				
Other Expenses - Contractual	16,812.02	16,812.02	15,696.39	1,115.63
Financial Administration:				
Salaries and Wages	1,412.77	1,412.77		1,412.77
Tax Assessment Administration:				
Salaries and Wages	317.03	317.03		317.03
	\$ 114,884.41	\$ 114,884.41	\$ 59,020.94	\$ 55,863.47

Ref.

Analysis of Balance December 31, 2015:

Unencumbered	A	\$ 104,969.45
Encumbered	A	9,914.96
		\$ 114,884.41

Cash Disbursed	\$ 59,022.81
Less: Appropriation Refunds	(1.87)
	\$ 59,020.94

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Increased by:	
Levy - Calendar Year 2016	<u>\$ 4,196,187.00</u>
Decreased by:	
Payments to Local School District	<u><u>\$ 4,196,187.00</u></u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Increased by:	
Levy - Calendar Year 2016	<u>\$ 1,980,872.00</u>
Decreased by:	
Payments to Regional High School	<u><u>\$ 1,980,872.00</u></u>

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

	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriations	Expended	Transferred to General Capital Fund	Balance Dec. 31, 2016
Recycling Tonnage Grant - 2015	\$ 45.74		\$ 45.74		
Recycling Tonnage Grant - 2016		\$ 3,655.74	3,539.26		\$ 116.48
Clean Communities Program - 2015	2,858.62		2,858.62		
Clean Communities Program - 2016		10,212.50	9,015.88		1,196.62
NJ Management Hazardous Material Emergency Preparation	7,132.60			\$ 4,750.00	2,382.60
Open Space Grant	475.50				475.50
NJ Department of Transportation: Municipal Aid Program: 2014 - Statesville Quarry Road	5,468.06				5,468.06
	<u>\$ 15,980.52</u>	<u>\$ 13,868.24</u>	<u>\$ 15,459.50</u>	<u>\$ 4,750.00</u>	<u>\$ 9,639.26</u>

Ref.            A

A



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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Cash</u> <u>Received</u>	<u>Transferred</u> <u>to 2016</u> <u>Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Recycling Tonnage Grant		\$ 3,655.74	\$ 3,655.74	
Clean Communities Grant	\$ 10,212.50	11,681.58	10,212.50	\$ 11,681.58
	<u>\$ 10,212.50</u>	<u>\$ 15,337.32</u>	<u>\$ 13,868.24</u>	<u>\$ 11,681.58</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
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, 2015	B	\$ 225.31	\$ 458,686.91
Increased by Receipts:			
License Fees Collected		\$ 4,638.00	
Late Fees		240.00	
Kennel Licenses		50.00	
Replacement Tag Fees		2.00	
Miscellaneous Fees		5.00	
State Registration Fees		831.00	
Escrow Bond Deposits			\$ 22,265.00
Recreation			3,110.37
Fire Prevention Deposits			12,641.41
Developers Escrows Deposits			50,855.86
Affordable Housing Deposits			3,423.67
Open Space Tax			32,911.20
Tax Sale Premiums			17,500.00
Storm Recovery			1,523.60
Interest Due to Current Fund			3.05
Interest Earned on Investments:			
Open Space Trust			77.63
Affordable Housing			6.10
Developers Escrows			19.98
Duc From Current Fund:			
Interfund Returned - Open Space Trust Fund			1,752.88
		<u>5,766.00</u>	<u>146,090.75</u>
		5,991.31	604,777.66
Decreased by Disbursements:			
Due to Current Fund:			
Interfund Advanced		21.86	
Prior Year Interfund Returned		0.42	
Prior Year Interfund Returned - Fire Department			7,811.20
State Registration Fees		831.00	
Administrative Expenses		5,032.69	
Escrow Bond Deposits			24,570.30
Recreation Expenditures			1,527.33
Open Space Trust Expenditures			10,500.00
Fire Prevention Expenditures			11,645.78
Developers Escrows Deposits			411.67
Affordable Housing Expenditures			20,472.50
		<u>5,885.97</u>	<u>76,938.78</u>
Balance December 31, 2016	B	<u>\$ 105.34</u>	<u>\$ 527,838.88</u>

TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2015	B		\$ 97.69
Increased by:			
Animal Control License Fees Collected		\$ 4,638.00	
Late Fees		240.00	
Kennel Licenses		50.00	
Miscellaneous Fees		5.00	
Replacement Tag Fees		2.00	
			4,935.00
			5,032.69
Decreased by:			
Expenditures Under R.S. 4:19-15.11			5,032.69
Balance December 31, 2016	B		\$ -0-

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 5,007.80
2015	4,880.40
Maximum Allowable Reserve	\$ 9,888.20

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2016  
GENERAL CAPITAL FUND

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 1,244,504.32
Increased by:		
Improvement Authorization Refunds		\$ 646.79
Capital Improvement Fund:		
Budget Appropriation		<u>312,000.00</u>
		<u>312,646.79</u>
		1,557,151.11
Decreased by:		
Improvement Authorizations		<u>301,265.59</u>
Balance December 31, 2016	C	<u><u>\$ 1,255,885.52</u></u>





TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2015 Funded	2016 Authorizations		Paid or Charged	Prior Year Encumbrances Cancelled	Improvement Authorization Canceled	Balance Dec. 31, 2016 Funded
	Date	Amount		Capital Improvement Fund	Various Funding Sources				
	Purchase 12 Timers for Christmas Lights	10/01/13		\$ 5,400.00	\$ 5,006.01				
Purchase of Fire Dept. Turnout Gear	10/15/13	5,400.00	37.42					37.42	
Purchase of 7 Air Cylinders	12/03/13	7,000.00	7,000.00					7,000.00	
Christmas Light Timers	10/21/14	5,000.00	3,108.72					3,108.72	
Purchase of a Kyocera Taskalfa 350li Copier	03/03/15	6,596.00	241.00					241.00	
Repairs of Fiddlers Way	04/21/15	26,000.00	23,660.00			\$ 1,398.80			\$ 22,261.20
Purchase of Bobcat Excavator	05/05/15	60,000.00	1,554.59					1,554.59	
Engineering and Additional Cost for the Improvements to Old Beaver Run Road	07/07/15	19,000.00	3,477.12			612.00		2,865.12	
Purchase of a 2016 International SFA 75000 4x2 Chassis with Dump Body and Sander	07/07/15	184,000.00	2,268.00					2,268.00	
Improvements to Pelletown Road and Improvements to Various Roads	09/01/15	155,000.00	39,099.28			22,303.16		11,550.01	5,246.11
Construction of Community Garden at Lafayette Park	09/15/15	3,500.00	2,761.31			2,504.00	\$ (738.69)		996.00
Installation of a Generator at the Township Fire House	12/15/15	1,800.00	1,800.00						1,800.00
Acquisition of Two Sets of Turnout Gear and Related Appurtenances	01/19/16	4,930.50		\$ 4,930.50		4,930.50			
Acquisition of Air Packs, Cylinders and Batteries for Firefighting and Related Appurtenances	01/19/16	49,768.00		49,768.00		49,768.00			
Purchase of Equipment for Raised Flower Bed at the Municipal Parking Lot on Route 15	04/05/16	1,000.00		1,000.00					1,000.00
Purchase of A S750 T4 Bobcat Skid-Steer Loader	04/19/16	63,814.37		63,814.37		63,814.37			
Upgrade of Bathrooms in the Lafayette Township Fire House	05/03/16	10,000.00		10,000.00		9,357.67			642.33
Improvements to Pelletown Road and Old Beaver Run Road	06/08/16	135,000.00		135,000.00					135,000.00
Purchase of Additional Equipment for Skid Steer Loader	07/05/16	1,200.00			\$ 1,200.00				1,200.00
Improvements to Various Roads	07/05/16	140,000.00		139,113.47	886.53	139,079.34			920.66
Installation of Generators, Materials and Appurtenances	08/02/16	25,000.00		20,250.00	4,750.00	4,000.00			21,000.00
Purchase of Christmas Decorations Along Route 15	10/18/16	6,000.00		6,000.00		5,027.40			972.60
			<u>\$ 90,013.45</u>	<u>\$ 429,876.34</u>	<u>\$ 6,836.53</u>	<u>\$ 302,795.24</u>	<u>\$ (738.69)</u>	<u>\$ 33,630.87</u>	<u>\$ 191,038.90</u>

Ref.

C

Reserve for Improvements to Various Roads  
Reserve for Purchase of Road Equipment  
Office of Emergency Management Grant

\$ 886.53  
1,200.00  
4,750.00  
\$ 6,836.53

Cash Disbursed \$ 301,265.59  
Encumbrances 2,176.44  
Less: Refunds (646.79)  
\$ 302,795.24

C

Capital Improvement Fund

\$ 33,630.87

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 649,751.30
Increased by:		
2016 Budget Appropriation		\$ 312,000.00
Cancellation of Improvement Authorizations		<u>33,630.87</u>
		<u>345,630.87</u>
		995,382.17
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>429,876.34</u>
Balance December 31, 2016	C	<u>\$ 565,505.83</u>

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF LAFAYETTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016

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		Amounts Provided to Subrecipients
						From	To	Year to Date	Cumulative	
Federal Emergency Management Agency:										
(Passed through New Jersey Department of Law and Public Safety)	Harzardous Materials Emergency Preparation	N/A	83.012	\$ 8,000.00		01/01/03	12/31/17	\$ 4,000.00	\$ 4,867.40	
Total Federal Emergency Management Agency								4,000.00	4,867.40	
U.S. Department of Transportation:										
(Passed through New Jersey Department of Transportation)	Municipal Aid Program - Statesville Quarry Road	6320-480-078-6320 xxx-TCAP-6010	20.205	120,000.00	\$ 66,806.94	01/01/14	12/31/17		120,000.00	
Total U.S. Department of Transportation					66,806.94				120,000.00	
Total Federal Awards					\$ 66,806.94			\$ 4,000.00	\$ 124,867.40	\$ -0-

N/A - Not Available

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, 2016

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	\$ 8,407.89		01/01/14	12/31/16	\$ 2,858.62	\$ 8,407.89
			10,212.50		01/01/15	12/31/17	9,015.88	9,015.88
			11,681.58	<u>\$ 11,681.58</u>	01/01/16	12/31/17		
		<u>11,681.58</u>			<u>11,874.50</u>	<u>17,423.77</u>		
	Recycling Tonnage	752-042-4900- 001-6020	6,051.01		01/01/14	12/31/16	45.74	6,051.01
			3,655.74	<u>3,655.74</u>	01/01/15	12/31/17	3,539.26	3,539.26
			<u>3,655.74</u>			<u>3,585.00</u>	<u>9,590.27</u>	
Total Department of Environmental Protection				<u>15,337.32</u>			<u>15,459.50</u>	<u>27,014.04</u>
Total State Awards				<u>\$ 15,337.32</u>			<u>\$ 15,459.50</u>	<u>\$ 27,014.04</u>

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, 2016

A. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Lafayette under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 financial 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 - *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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated April 11, 2017. These financial statements have been prepared in accordance with 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. 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 2016-01 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***

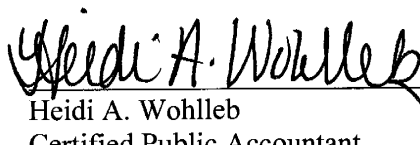
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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  
April 11, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF LAFAYETTE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016

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 the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2016 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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 2016-01

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, 2016  
(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, 2016

The Township's prior year finding was not resolved in 2016 and is included in the audit for the year ended December 31, 2016.

TOWNSHIP OF LAFAYETTE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016



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 July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

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 5, 2016, 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 3, 2016, 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>
2016	19
2015	15
2014	15

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 2015 Taxes	20
Payments of 2016 Taxes	20
Delinquent Taxes Receivable	20
Tax Title Liens Receivable	4

Verification notices were mailed to confirm balances receivable as of December 31, 2016. 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.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. 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 accounting requirements.

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)

Management Suggestions:

Purchase Order Process

During the review of the purchase orders processed during the year we noted that since all 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 and 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 purchases or other similar documentation.

Additionally, during our review of the purchasing procedures, we noted that several Recreation related purchases were made not in accordance with the Township's internal purchasing guidelines which require that designated Township employees initiate purchases with certain online vendors. Additionally, we noted where sales tax was included in reimbursements of certain Recreation related expenses. We suggest that every effort be made to ensure that the Township's internal purchasing guidelines for purchases from certain online vendors are followed and that the sales tax exempt forms are presented when purchases are made for reimbursable Recreation expenses.

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the Borough will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the calendar year ending December 31, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the State of New Jersey.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve the comments and recommendations from the 2015 Audit Report. The prior year recommendation regarding the calculation of employee health benefits was resolved in the current year. The other prior year recommendation regarding segregation of duties was not resolved and is included in the current year comments and recommendations.

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.

\* \* \* \* \*