

TOWNSHIP OF DOWNE

CUMBERLAND COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2014**



**TOWNSHIP OF DOWNE
TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
	<u>PART I</u>	
	Independent Auditor's Report	1 - 4
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5 - 6
A - 1	Combined Statement of Operations and Changes in Fund Balance - Regulatory Basis	7 - 8
A - 2	Statement of Revenues - Regulatory Basis	9 - 11
A - 3	Statement of Expenditures - Regulatory Basis	12 - 16
	<u>TRUST FUNDS</u>	
B	Comparative Balance Sheet - Regulatory Basis	17
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	18
C - 1	Statement of Fund Balance - Regulatory Basis	19
	<u>GENERAL FIXED ASSETS</u>	
G	Statement of General Fixed Assets - Regulatory Basis	20
	Notes to Financial Statements - Regulatory Basis	21 - 34
	<u>SUPPLEMENTARY INFORMATION</u>	
	Independent Auditor's Report - Government Auditing Standards	35 - 36
	Schedule of Expenditures of Federal and State Awards	37
	Notes to Schedule of Expenditures of Federal and State Awards	38

**TOWNSHIP OF DOWNE
TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
<u>CURRENT FUND</u>		
A - 4	Schedule of Cash - Treasurer	39
A - 5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	40
A - 6	Schedule of Tax Title Liens	41
A - 7	Schedule of Revenue Accounts Receivable	42
A - 8	Schedule of Appropriation Reserves	43-45
A - 9	Schedule of Local District School Tax	46
A - 10	Schedule of Federal and State Grants Receivable	47
A - 11	Schedule of Federal and State Grants - Appropriated	48
A - 12	Schedule of Federal and State Grants - Unappropriated	49
<u>TRUST FUNDS</u>		
B - 1	Schedule of Cash - Treasurer	50
B - 1a	Schedule of Cash - Collector	51
B - 2	Schedule of Reserve for Dog Fund Expenditures	52
B - 3	Schedule of Due To/(From) Current Fund - Dog License Fund	53
B - 4	Schedule of Due to State of NJ Dept. of Health - Dog License Fund	53
B - 5	Schedule of Due to/(From) Current Fund	54
B - 6	Schedule of Reserves	55
<u>GENERAL CAPITAL FUND</u>		
C - 2	Schedule of Cash - Treasurer	56
C - 3	Analysis of Cash	57
C - 4	Schedule of Due to/(from) Current Fund	58
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	59
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	60
C - 7	Schedule of Improvement Authorizations	61
C - 8	Schedule of General Serial Bonds	62
C - 9	Schedule of Nond Anticipation Notes	63
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	64
<u>PART II</u>		
General Comments		65-67
Findings and Recommendations		68
Status of Prior Recommendations		68

TOWNSHIP OF DOWNE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of Township Committee
Township of Downe, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Downe, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Downe on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Downe as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Downe's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015 on our consideration of the Township of Downe'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 Downe's internal control over financial reporting and compliance.

Kenneth Moore

Kenneth Moore, CPA, RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

February 25, 2015

**EXHIBIT - A
CURRENT FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,461,733.76	629,448.66
Total Cash	<u>2,461,733.76</u>	<u>629,448.66</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	5,111.42	
Total Other Receivables	<u>5,111.42</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	119,817.08	132,960.66
Tax Title and Other Liens	237,134.51	204,314.59
Property Acquired for Taxes - at Assessed Valuation	333,300.00	333,300.00
Due from Fairfield Township	58.02	58.02
Interfund Receivable:		
General Capital Fund	192.58	108,897.46
Dog Trust		
Trust Other	3.25	2.87
Federal and State Grants	129,537.13	616.83
Other Receivables		
Demolition Liens Receivable		2,625.00
Total Receivables and Other Assets	<u>820,042.57</u>	<u>782,775.43</u>
Deferred Charges:		
Special Emergency Appropriation	540,000.00	720,000.00
Overexpenditure of Appropriation		579.16
Overexpenditure of Appropriation Reserves		42,572.16
Total Deferred Charges	<u>540,000.00</u>	<u>763,151.32</u>
Total Regular Fund	<u>3,826,887.75</u>	<u>2,175,375.41</u>
Federal and State Grant Fund:		
Cash	56,922.16	17,884.67
Federal and State Grants Receivable	1,411,128.12	617,680.55
Due from Capital Fund	3,500.00	
Total Federal and State Grant Fund	<u>1,471,550.28</u>	<u>635,565.22</u>
Total Current Fund	<u>\$ 5,298,438.03</u>	<u>2,810,940.63</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 47,280.99	45,757.19
Reserve for Encumbrances	17,172.15	32,490.13
Prepaid Taxes	65,278.39	75,164.31
Overpaid Taxes	2,906.96	1,604.02
Accrued Payroll Taxes	1,873.04	655.50
Escrow Deposits	241.79	241.79
Local School Tax Payable	105,474.99	83,022.03
County Added Tax Payable	747.89	4,729.03
Special District Tax Payable		
Due to State:		
Marriage Licenses	225.00	225.00
Senior Citizens		845.97
Interfund Payable:		
Trust Fund - Small Cities	11,498.10	11,362.97
TTL Redemption		3,911.41
Dog Trust	410.06	410.02
Trust Fund - Recreation	-	
Trust Fund - Escrow	36,304.13	36,303.15
Other		
Emergency Note Payable	340,000.00	520,000.00
Reserve for FEMA Loan		90,000.00
Reserve for Storm	695,266.54	83,552.66
Reserve for Insurance Proceeds	1,154,002.00	-
Tax Appeals	80,000.00	80,000.00
	<u>2,558,682.03</u>	<u>1,070,275.18</u>
Reserve for Receivables and Other Assets	820,042.57	782,775.43
Fund Balance	448,163.15	322,324.80
Total Regular Fund	<u>3,826,887.75</u>	<u>2,175,375.41</u>
Federal and State Grant Fund:		
Unappropriated Reserves	8,506.16	11,968.54
Appropriated Reserves	1,286,931.26	576,404.12
Encumbrances Payable	-	
Due to Current Fund	129,537.13	616.83
Due to Trust Fund	1,850.00	1,850.00
Reserve for State Grant		
Small Cities Loans	44,725.73	44,725.73
Total Federal and State Grant Fund	<u>1,471,550.28</u>	<u>635,565.22</u>
Total Current Fund	<u>\$ 5,298,438.03</u>	<u>2,810,940.63</u>

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

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 59,778.32	125,000.00
Miscellaneous Revenue Anticipated	1,806,677.81	1,386,496.40
Receipts from Delinquent Taxes	138,313.20	91,559.36
Receipts from Current Taxes	3,405,261.89	3,339,207.53
Non Budget Revenue	22,607.49	25,208.91
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	43,687.96	11,048.77
Interfund Returned	4.65	15,350.56
Voided Checks	971.54	10,643.27
Canceled Grants		15,727.25
Total Income	<u>5,477,302.86</u>	<u>5,020,242.05</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	280,400.00	228,400.00
Other Expenses	499,469.00	580,868.79
Deferred Charges & Statutory Expenditures	84,318.32	51,150.37
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	1,632.00	80,601.00
Public and Private Programs Offset		
by Revenues	1,058,325.00	686,984.00
Capital Improvements	2,500.00	25,000.00
Debt Service	4,407.71	14,833.68
Deferred Charges	180,000.00	180,000.00
Local District School Tax	1,311,526.00	1,266,620.00
Special District Tax	278,118.00	264,501.00
County Tax	1,570,025.38	1,608,269.29
County Share of Added Tax	747.89	4,729.03
Interfund Created	20,216.89	23,260.69
Other:		
Miscellaneous		650.16
Total Expenditures	<u>5,291,686.19</u>	<u>5,015,868.01</u>
Excess/(Deficit) in Revenue	<u>185,616.67</u>	<u>4,374.04</u>

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

	<u>2014</u>	<u>2013</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		579.16
Total Adjustments	<u>-</u>	<u>579.16</u>
Statutory Excess to Fund Balance	<u>185,616.67</u>	<u>4,953.20</u>
Fund Balance January 1	<u>322,324.80</u>	<u>442,371.60</u>
	507,941.47	447,324.80
Decreased by:		
Utilization as Anticipated Revenue	<u>59,778.32</u>	<u>125,000.00</u>
Fund Balance December 31	<u>\$ 448,163.15</u>	<u>322,324.80</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 59,778.32	-	59,778.32	-
Total Fund Balance Anticipated	<u>59,778.32</u>	<u>-</u>	<u>59,778.32</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	12,000.00		8,209.25	(3,790.75)
Interest and Costs on Taxes	20,000.00		45,506.61	25,506.61
Interest Earned on Investments	4,000.00		4,972.29	972.29
Total Section A: Local Revenues	<u>36,000.00</u>	<u>-</u>	<u>58,688.15</u>	<u>22,688.15</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	208,365.00		208,365.00	-
Garden State Preservation Trust Fund	250,511.00		250,511.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>458,876.00</u>	<u>-</u>	<u>458,876.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	7,486.00		7,486.00	-
Recycling Tonnage Grant	4,483.00		4,483.00	-
Small Cities - CDBG	130,000.00		130,000.00	-
Small Cities		6,860.00	6,860.00	-
NJ DEP - Shore Protection		397,500.00	397,500.00	-
FEMA - Maple Avenue		37,459.00	37,459.00	-

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

FEMA - Gandy's Beach		247,839.00	247,839.00	-
FEMA - Dyers Cove		17,998.00	17,998.00	-
USDA - Special Service Police Vehicle		25,700.00	25,700.00	-
USDA - Study of Water / Wastewater		30,000.00	30,000.00	-
NJ DOT - Foretescue	145,000.00		145,000.00	-
	<u>286,969.00</u>	<u>763,356.00</u>	<u>1,050,325.00</u>	<u>-</u>
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations				
Section G: Other Special Items				
FEMA	83,553.00		83,552.66	(0.34)
FEMA Loan	155,236.00		155,236.00	-
	<u>238,789.00</u>	<u>-</u>	<u>238,788.66</u>	<u>(0.34)</u>
Total Section G: Other Special Items				
Total Miscellaneous Revenues:	<u>1,020,634.00</u>	<u>763,356.00</u>	<u>1,806,677.81</u>	<u>22,687.81</u>
Receipts from Delinquent Taxes	<u>80,000.00</u>		<u>138,313.20</u>	<u>58,313.20</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	<u>411,411.00</u>		<u>466,627.51</u>	<u>55,216.51</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>411,411.00</u>	<u>-</u>	<u>466,627.51</u>	<u>55,216.51</u>
Budget Totals	<u>1,571,823.32</u>	<u>763,356.00</u>	<u>2,471,396.84</u>	<u>136,217.52</u>
Non-Budget Revenues: Other Non-Budget Revenues:			<u>22,607.49</u>	<u>22,607.49</u>
	<u>1,571,823.32</u>	<u>763,356.00</u>	<u>2,494,004.33</u>	<u>158,825.01</u>

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

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

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		3,405,261.89
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		3,405,261.89
Allocated to:		
School, County and Other Taxes		<u>3,159,669.38</u>
Balance for Support of Municipal Budget Appropriations		245,592.51
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>221,035.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>466,627.51</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	109,485.38	
Tax Title Lien Collections	<u>28,827.82</u>	
Total Receipts from Delinquent Taxes		<u><u>138,313.20</u></u>
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Trailer Park	2,890.00	
SC & Veteran Administration Fee	888.88	
Zoning Maps	300.00	
Zoning Permits	2,465.00	
Cable Franchise Fee	4,794.53	
Marriage Licenses	116.00	
Copies	183.42	
Recycling	3,734.10	
Miscellaneous	4,610.56	
Demo Liens	<u>2,625.00</u>	
Total Miscellaneous Revenue Not Anticipated:		<u><u>22,607.49</u></u>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries and Wages	28,000.00	28,000.00	26,782.00		1,218.00	-
Other Expenses	14,000.00	9,100.00	6,083.72	398.00	2,618.28	-
Township Clerk						
Salaries and Wages	62,500.00	72,500.00	69,546.83		2,953.17	-
Other Expenses	22,500.00	22,500.00	16,077.15	964.59	5,458.26	-
Financial Administration						
Salaries and Wages	19,000.00	15,000.00	13,647.86		1,352.14	-
Other Expenses	10,000.00	6,500.00	5,380.80	407.40	711.80	-
Audit Services						
Other Expenses	27,500.00	27,500.00	25,750.00		1,750.00	-
Assessment of Taxes						
Salaries and Wages	15,000.00	15,000.00	14,999.92		0.08	(0.00)
Other Expenses						
Maintenance of Tax Map	2,000.00	2,000.00	686.00		1,314.00	-
Miscellaneous Other Expenses	7,500.00	7,500.00	7,198.94		301.06	-
Collection of Taxes						
Salaries and Wages	29,000.00	29,950.00	29,904.66		45.34	0.00
Other Expenses						
Tax Sale Costs	800.00	800.00	384.56		415.44	-
Miscellaneous Other Expenses	4,500.00	4,500.00	4,410.83		89.17	-
Liquidation of Tax Title Liens						
Other Expenses	3,500.00	1,500.00			1,500.00	-
Legal Services and Costs						
Salaries and Wages	27,000.00	27,000.00	26,414.75	585.25	-	-
Other Expenses						
Engineering Services	25,000.00	42,000.00	41,921.50		78.50	-
Other Expenses						
Municipal Court						
Other Expenses	10,000.00	10,000.00	9,548.78		451.22	0.00
Insurance						
General Liability	22,000.00	22,300.00	22,280.00		20.00	-
Workers Compensation Insurance	22,000.00	22,000.00	21,879.00		121.00	-
Employee Group Health	41,969.00	31,669.00	31,475.71		193.29	0.00

LAND USE ADMINISTRATION

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Planning Board	3,500.00	3,250.00	3,192.99	57.01	0.00	0.00
Salaries and Wages	13,500.00	15,250.00	12,183.67	432.99	2,633.34	-
Other Expenses						
Housing Official	7,200.00	7,450.00	7,420.17	29.83	(0.00)	(0.00)
Salaries and Wages	1,000.00	1,000.00		1,000.00		-
Other Expenses						
PUBLIC SAFETY						
Emergency Management Services						
Salaries and Wages	3,000.00	3,150.00	3,061.57	88.43	(0.00)	(0.00)
Other Expenses	2,500.00	2,500.00	1,691.48	808.52		-
First Aid Organizations - Contribution	8,000.00	8,000.00	8,000.00	-		-
First Aid Organizations - Equipment						
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries and Wages	62,500.00	74,500.00	74,489.00	11.00		-
Other Expenses	40,000.00	39,500.00	35,186.45	1,240.67	3,072.88	-
Public Building and Grounds						
Other Expenses	8,000.00	2,250.00	324.66	168.35	1,756.99	-
Storm Damage and Repair	25,000.00	25,000.00	25,000.00			-
Garbage and Trash						
Salaries and Wages	29,000.00	31,600.00	31,100.81	499.19		(0.00)
Other Expenses	100,000.00	78,000.00	69,109.62	4,342.20	4,548.18	-
HEALTH AND WELFARE						
Environmental						
Other Expenses	100.00	300.00	290.00	10.00		-
Historical						
Other Expenses	100.00	100.00		100.00		-
Dog Regulation						
Other Expenses	7,600.00	7,600.00	6,231.10	940.00	428.90	-
Recreation and Tourism						
Other Expenses	100.00	600.00	600.00			-
Recreation						
Other Expenses	2,500.00	2,500.00	1,692.71	807.29		-
UTILITY EXPENSES AND BULK PURCHASES						
Natural Gas	6,500.00	6,500.00	3,541.79	595.76	2,362.45	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Electric	3,000.00	3,000.00	1,766.29	358.99	874.72	-
Telephone	11,000.00	11,000.00	9,713.53	908.60	377.87	(0.00)
Street Lighting	59,000.00	59,500.00	54,241.77	5,022.06	236.17	0.00
TOTAL OPERATIONS WITHIN "CAPS"	786,869.00	779,869.00	723,210.62	17,172.15	39,486.23	0.00
Contingent						-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	786,869.00	779,869.00	723,210.62	17,172.15	39,486.23	0.00
Detail:						
Salaries and Wages	258,800.00	280,400.00	274,145.81	-	6,254.19	(0.00)
Other Expenses	528,169.00	499,469.00	449,064.81	17,172.15	33,232.04	0.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriation	579.16	579.16	579.16			-
Overexpenditure of Appropriations Reserves	42,572.16	42,572.16	42,572.16			-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	13,167.00	13,167.00	11,824.00		1,343.00	-
Social Security System (O.A.S.I.)	19,500.00	20,800.00	20,790.80		9.20	0.00
Unemployment Insurance	2,500.00	7,200.00	757.44		6,442.56	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	78,318.32	84,318.32	76,523.56	-	7,794.76	0.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	865,187.32	864,187.32	799,734.18	17,172.15	47,280.99	0.00
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	601.00	601.00	601.00			-
SFSP Fire District Payment Reserve for Tax Appeals						-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Employee Group Health	1,031.00	1,031.00	1,031.00	-	-	-
	<u>1,632.00</u>	<u>1,632.00</u>	<u>1,632.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	7,486.00	7,486.00	7,486.00	-	-	-
Recycling Tonnage Grant	4,483.00	4,483.00	4,483.00	-	-	-
Small Cities - CDBG	130,000.00	130,000.00	130,000.00	-	-	-
Small Cities		6,860.00	6,860.00	-	-	-
NJ DEP - Shore Protection		397,500.00	397,500.00	-	-	-
FEMA - Maple Avenue		37,459.00	37,459.00	-	-	-
FEMA - Gandy's Beach		247,839.00	247,839.00	-	-	-
FEMA - Dyers Cove		17,998.00	17,998.00	-	-	-
USDA - Special Service Police Vehicle		25,700.00	25,700.00	-	-	-
Match	7,000.00	8,000.00	8,000.00	-	-	-
USDA - Study of Water / Wastewater		30,000.00	30,000.00	-	-	-
NJ DOT - Fortescue	145,000.00	145,000.00	145,000.00	-	-	-
	<u>293,969.00</u>	<u>1,058,325.00</u>	<u>1,058,325.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues	295,601.00	1,059,957.00	1,059,957.00	-	-	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	295,601.00	1,059,957.00	1,059,957.00	-	-	-
(C) Capital Improvements	2,500.00	2,500.00	2,500.00	-	-	-
Capital Improvement Fund						
	<u>2,500.00</u>	<u>2,500.00</u>	<u>2,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements						
(D) Debt Service						
Payment of Bond Principal	-	-	-	-	-	-
Payment of Bond Anticipation Notes	-	-	-	-	-	-
Interest on Bonds	-	-	-	-	-	-
Interest on Notes	7,500.00	7,500.00	4,407.71	-	-	3,092.29
	<u>7,500.00</u>	<u>7,500.00</u>	<u>4,407.71</u>	<u>-</u>	<u>-</u>	<u>3,092.29</u>
Total Debt Service						

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Emergency Authorizations						
Special Emergency Authorizations - 5 years	180,000.00	180,000.00	180,000.00			-
Special Emergency Authorizations - 3 years	-	-				-
Total Deferred Charges	<u>180,000.00</u>	<u>180,000.00</u>	<u>180,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	485,601.00	1,249,957.00	1,246,864.71	-	-	3,092.29
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,350,788.32</u>	<u>2,114,144.32</u>	<u>2,046,598.89</u>	<u>17,172.15</u>	<u>47,280.99</u>	<u>3,092.29</u>
(M) Reserve for Uncollected Taxes	221,035.00	221,035.00	221,035.00			-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,571,823.32</u>	<u>2,335,179.32</u>	<u>2,267,633.89</u>	<u>17,172.15</u>	<u>47,280.99</u>	<u>3,092.29</u>
Budget		1,571,823.32			Cancelled	3,092.29
Appropriations by 40A:4-87		763,356.00			Overexpended	(0.00)
Emergency Appropriations		<u>2,335,179.32</u>				<u>3,092.29</u>
Reserve for Uncollected Taxes		221,035.00				
Federal and State Grants		1,058,325.00				
Deferred Charges		223,151.32				
Disbursements		765,122.57				
		<u>2,267,633.89</u>				

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

**EXHIBIT - B
TRUST FUNDS**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Dog License Fund:		
Cash	\$ 170.74	120.58
Due from Current	410.06	410.02
Due from State of NJ	48.40	48.40
	<u>629.20</u>	<u>579.00</u>
Small Cities:		
Due from Current Fund	11,498.10	11,362.97
Due from Grant Fund	1,850.00	1,850.00
Loans Receivable	520,964.68	410,642.68
	<u>534,312.78</u>	<u>423,855.65</u>
Other Funds:		
Cash - Treasurer	9,056.77	6,837.96
Cash - Tax Collector	13,429.86	10,103.17
Due from Current Fund	36,304.13	40,211.69
	<u>58,790.76</u>	<u>57,152.82</u>
	<u>\$ 593,732.74</u>	<u>481,587.47</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	\$	
Reserve for Dog Fund Expenditures	629.20	579.00
	<u>629.20</u>	<u>579.00</u>
Small Cities:		
Reserve for Small Cities	13,348.10	13,212.97
Reserve for Loans Receivable	520,964.68	410,642.68
	<u>534,312.78</u>	<u>423,855.65</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	2,429.86	5,214.58
Premiums Received at Tax Sale	11,000.00	8,800.00
Due to Current Fund	3.25	-
Miscellaneous Reserves	45,357.65	43,138.24
	<u>58,790.76</u>	<u>57,152.82</u>
	<u>\$ 593,732.74</u>	<u>481,587.47</u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT - C
GENERAL CAPITAL FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 543,817.42	62,463.68
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	2,431,510.00	475,000.00
Receivable		
NJ DOT	360,490.00	
	<u>3,335,817.42</u>	<u>537,463.68</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	3,000.00	17,315.00
Interfunds:		
Due to Current Fund	192.58	108,897.46
Bond Anticipation Notes Payable	1,615,000.00	
Improvement Authorizations:		
Funded	363,570.00	4,729.35
Unfunded	1,279,352.59	274,319.62
Reserve for Landfill Closure	45,000.00	45,000.00
Capital Improvement Fund	21,000.00	78,500.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 3,335,817.42</u>	<u>537,463.68</u>

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

2013	475,000.00
2014	816,510.00

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

	2014	2013
Beginning Balance January 1	\$ 8,702.25	8,702.25
No Current Year Activity		
Ending Balance December 31	\$ 8,702.25	8,702.25

EXHIBIT - G
GENERAL FIXED ASSETS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS**

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 455,100.00	455,100.00
Equipment	448,234.80	411,018.00
	<u>903,334.80</u>	<u>866,118.00</u>
Total General Fixed Assets	<u>903,334.80</u>	<u>866,118.00</u>
Investment in General Fixed Assets	\$ <u>903,334.80</u>	<u>866,118.00</u>

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

B. Description of Funds

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

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$500 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes -- It is the policy of the Township of Downe to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Downe to treat interest on projects as a current expense and the interest is included in both the current budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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

F. Recent Accounting Pronouncements Not Yet Effective

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

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$221,035.00 and \$180,655.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$59,778.32 and \$125,000.00.

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

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

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Mayor and Committee		
Other Expenses		9,000.00
Township Clerk		
Other Expenses		9,000.00
Garbage and Trash Removal		
Other Expenses	(22,000.00)	(28,300.00)
Insurance		
Employee Group Insurance	(10,300.00)	
Engineering Services		
Other Expenses	17,000.00	
Road Repair and Maintenance		
Salaries and Wages	12,000.00	

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

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Community Development Block Grant		360,490.00
DOT - Hurricane Sandy Emergency Dredging		300,000.00
Small Cities	6,860.00	
NJ DEP - Shore Protection	397,500.00	
FEMA - Maple Avenue	37,459.00	
FEMA - Gandy's Beach	247,839.00	
FEMA - Dyers Cove	17,998.00	
USDA - Special Service Police Vehicle	25,700.00	
USDA - Study of Water / Wastewater	30,000.00	

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$900,000. The emergency was for Hurricane Sandy. The unfunded balance as of December 31, 2014 was \$200,000.

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

Note 3: INVESTMENTS

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

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

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

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014 and 2013, \$0 of the municipality’s bank balance of \$3,160,394.30 and \$1,016,175.87 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

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

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land, Buildings and Improvements	\$ 455,100.00			455,100.00
Equipment	411,018.00			411,018.00
	<u>\$ 866,118.00</u>	<u>-</u>	<u>-</u>	<u>866,118.00</u>

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

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Land, Buildings and Improvements	\$ 455,100.00			455,100.00
Equipment	411,018.00	37,216.80		448,234.80
	<u>\$ 866,118.00</u>	<u>37,216.80</u>	<u>-</u>	<u>903,334.80</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
General		1,615,000.00		1,615,000.00
	<u>\$ -</u>	<u>1,615,000.00</u>	<u>-</u>	<u>1,615,000.00</u>

The Township has \$1,615,000.00 in outstanding bond anticipation notes as of December 31, 2014 payable to PNC Bank, National Asso. at a rate of 1.01% interest. The note payable will mature on December 16, 2015.

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
Bond Anticipation Notes	\$ 1,615,000.00		
<u>Authorized but not issued:</u>			
General - Bonds and Notes	816,510.00	475,000.00	475,000.00
Total Authorized But Not Issued	<u>\$ 2,431,510.00</u>	<u>475,000.00</u>	<u>475,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.526%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
General Debt	2,431,510.00	-	2,431,510.00
	<u>\$ 2,431,510.00</u>	<u>-</u>	<u>2,431,510.00</u>

Net Debt \$2,431,510.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$159,322,314.67 = 1.526%.

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

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	5,576,281.00
Net Debt		2,431,510.00
Remaining Borrowing Power	\$	<u>3,144,771.00</u>

The Township of Downe School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 7: FUND BALANCES APPROPRIATED

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

	<u>2015</u>	<u>2014</u>
	\$ 75,000.00	59,778.32

The 2015 budget has not been adopted as of the date of the audit.

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency	<u>540,000.00</u>	<u>540,000.00</u>	<u>-</u>
	<u>540,000.00</u>	<u>540,000.00</u>	<u>-</u>

The appropriations in the 2015 Budget are not less than that required by statute

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

Note 9: SCHOOL TAXES

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

	<u>12/31/2014</u>	<u>12/31/2013</u>
Balance of Tax	\$ 655,474.99	633,022.03
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 105,474.99</u>	<u>83,022.03</u>

Note 10: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/14</u>	<u>Balance 12/31/13</u>
Prepaid Taxes	<u>\$ 65,278.39</u>	<u>75,164.31</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 65,278.39</u>	<u>75,164.31</u>

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 6.92% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$11,824, \$17,436, and \$16,456.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

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

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

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 12: POST-RETIREMENT BENEFITS

Plan Description The Township of Downe contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New

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

Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to <http://www.state.nj.us/treasury/pensions/shbp.htm>

Funding Policy Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Downe on a monthly basis. The rates charged by the system for the year ended December 31, 2014 vary according to the type of coverage selected by the retiree and range from \$378 to \$1,770 monthly per retiree.

The Township of Downe contributions to SHBP for post-retirement benefits for the year ended December 31, 2014 and 2013, were \$0 and \$0 respectively, which equaled the required contribution for the year.

Note 13: ECONOMIC DEPENDENCY

The Township of Downe is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 14: RISK MANAGEMENT

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

New Jersey Unemployment Compensation Insurance – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the entity is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity’s trust fund for the previous three years:

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

<u>Calendar Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 452.03	8,849.01	167.05	3,780.28	5,687.81
2013	297.00	10,261.58	-	10,106.55	452.03
2012	8,129.09	3,371.81	30.00	11,233.90	297.00

Note 15: CONTINGENT LIABILITIES

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

Note 16: INTERFUND BALANCES

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

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital Fund	\$ 192.58	
Animal Control Fund		410.06
Trust Other	3.25	
Trust Small Cities		11,498.10
Trust - Escrow		36,304.13
Grant Fund	129,537.13	
Grant Fund:		
Current Fund		129,537.13
Trust Other		1,850.00
Trust Fund:		
Current - Animal Control Fund	410.06	
Small Cities	11,498.10	
Current - Other	36,304.13	3.25
Grant Fund	1,850.00	
General Capital Fund:		
Current Fund		192.58
	<u>\$ 179,795.25</u>	<u>179,795.25</u>

The amounts due from the Grant fund to the Current fund is due to the fact that the Current Fund paid a number of invoices. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

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

Note 17: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through February 25, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

SUPPLEMENTARY INFORMATION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated February 25, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Township's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Kenneth Moore

Kenneth Moore, CPA, RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

February 25, 2015

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

Federal or State Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor #	Grant Period	Program or Award Amount	Balance at 1/1/14	Receipts or Revenue Recognized	Disbursements/Expenditures	Canceled	Balance at 12/31/14	(Memorandum Or Cumulative Total Expenditures
Federal:									
Passed through State of New Jersey Department of Community Affairs									
Small Cities Block Grant	14.228	1/1/14 - 12/31/15	\$ 136,860	\$ -	136,860.00	2,860.00	-	136,860.00	-
Small Cities Block Grant - Local Match	14.228	1/1/12 - 12/31/13	16,200	16,200.00	-	132,031.00	-	13,340.00	2,860.00
Small Cities Block Grant	14.228	1/1/13 - 12/31/14	200,000	132,031.00	-	19,089.50	-	333,530.00	200,000.00
Small Cities Block Grant - Gandy's Beach	14.228	1/1/13 - 12/31/14	560,490	352,619.50	-	-	-	26,960.00	26,960.00
Total Department of Community Affairs				500,850.50	136,860.00	153,989.50	-	483,730.00	-
Federal Emergency Management Agency									
FEMA - Maple Avenue	83.534	1/1/14 - 12/31/14	37,459	-	37,459.00	-	-	37,459.00	-
FEMA - Gandys Beach Bulkhead	83.534	1/1/14 - 12/31/14	247,839	-	247,839.00	-	-	247,839.00	-
FEMA - Dyer Cove	83.534	1/1/14 - 12/31/14	17,998	-	17,998.00	-	-	848.00	17,150.00
Total Federal Emergency Management Agency				-	303,296.00	17,150.00	-	286,146.00	-
Department of Agriculture									
Special Police Vehicle	10.XXX	1/1/14 - 12/31/14	33,700	-	33,700.00	-	-	-	33,700.00
Water/Wastewater Study	10.760	1/1/14 - 12/31/14	30,000	-	30,000.00	1,980.00	-	28,020.00	1,980.00
				-	63,700.00	35,680.00	-	28,020.00	-
Environmental Protection									
Shore Protection	66.XXX	1/1/14 - 12/31/14	397,500	-	397,500.00	-	-	397,500.00	-
Total Environmental Protection				-	397,500.00	-	-	397,500.00	-
Total Federal Funds				\$ 500,850.50	901,356.00	206,810.50	-	1,195,396.00	-
State:									
Passed through:									
Department of Environmental Protection									
Clean Communities	4900-765-178920	1/1/14 - 12/31/14	7,486	-	7,485.55	-	-	7,485.55	-
Clean Communities	4900-765-178920	1/1/13 - 12/31/13	6,494	6,494.00	-	-	-	6,494.00	-
Clean Communities	4900-765-178920	1/1/12 - 12/31/12	6,376	6,376.00	-	1,350.28	-	5,025.72	1,350.28
Clean Communities	4900-765-178920	1/1/11 - 12/31/11	8,652	2,787.11	-	2,787.11	-	-	8,652.00
Recycling Tonnage Grant	4830-752-050550-50	1/1/14 - 12/31/14	4,483	1.39	4,482.99	358.93	-	4,124.06	358.94
Recycling Tonnage Grant	4830-752-050550-50	1/1/12 - 12/31/12	873	1.39	-	1.39	-	-	873.00
Total Department of Environmental Protection				15,658.50	4,482.99	4,497.71	-	15,643.78	-
Department of Transportation									
Reconstruction of Laura, Russell and Union	6320-480-601381-61	1/1/11 - 12/31/11	140,000	14,113.17	-	2,040.00	-	12,073.17	127,926.83
Reconstruction of Fortescue	6320-480-601381-61	1/1/12 - 12/31/12	300,000	45,767.95	-	45,759.34	-	8.61	295,991.39
Reconstruction of Garrison Avenue	6320-480-601381-61	1/1/14 - 12/31/14	145,000	-	145,000.00	88,689.37	-	-	145,000.00
Total Department of Transportation				59,881.12	145,000.00	135,488.71	-	12,081.78	-
Total State Funds				75,539.62	149,482.99	140,986.42	-	27,725.56	-
Total Federal and State Financial Assistance				576,390.12	1,050,838.99	347,796.92	-	1,223,121.56	-

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2014**

Note 1: BASIS OF PRESENTATION

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

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 206,810.50	140,986.42
Expenditure per Audit Schedule A-13	<u>\$ 206,810.50</u>	<u>140,986.42</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2013	\$ 629,448.66	17,884.67
Increased by Receipts:		
Taxes Receivable	3,396,453.54	
Tax Title Liens	28,827.82	
Prepaid Taxes	67,051.86	
Revenue Accounts Receivable	582,800.15	
Miscellaneous Revenue	22,607.49	
Accrued Payroll	1,217.54	
Senior Citizen and Veterans	41,042.61	
Voided Checks	971.54	
Due to Current Fund		29,681.75
Interfunds Returned	139.33	
Reserve for FEMA	695,266.54	
Reserve for Insurance Proceeds	1,154,002.00	
Due from Capital	108,704.88	
Federal and State Unallocated		8,506.16
Federal and State Receivables	120,826.43	135,980.00
	<u>6,219,911.73</u>	<u>174,167.91</u>
	6,849,360.39	192,052.58
Decreased by Disbursements:		
Current Year Appropriation	765,122.57	
Prior Year Appropriations	34,559.36	
County Taxes	1,574,754.41	
Local District School Taxes	1,289,073.04	
Special District Taxes	278,118.00	
Refund Tax Overpayments	4,341.11	
Special Emergency Note	180,000.00	
Interfunds Created	3,911.41	
Due to Current Fund		3,099.42
Federal and State Disbursements	257,746.73	132,031.00
	<u>4,387,626.63</u>	<u>135,130.42</u>
Balance December 31, 2014	\$ <u>2,461,733.76</u>	<u>56,922.16</u>

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2014
				2013	2014				
Arrears	\$ 1,937.24								-
2011	2,707.76								-
2012	3,551.19					2,436.42			18.19
2013	124,764.47			103,743.80		(805.13)	19,854.78		1,971.02
	132,960.66	-	-	109,485.38		1,631.29	19,854.78		1,989.21
2014		3,570,826.58	8,222.32	76,937.78	3,328,324.11	15,297.05	40,662.09		117,827.87
	\$ 132,960.66	3,570,826.58	8,222.32	76,937.78	3,437,809.49	16,928.34	60,516.87		119,817.08

3,396,453.54 Cash Receipts
 47,000.00 Senior Citizens and Veterans
 (5,644.05) Overpayments
3,437,809.49

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax 3,292,708.58
 Special District Taxes 278,118.00
 Added Taxes (54:4-63.1 et. Seq.) 8,222.32
3,579,048.90

Tax Levy:
 Special District Tax 278,118.00
 General County Taxes 1,481,099.46
 County Library Taxes
 County Open Space Taxes 15,201.51
 County Health Taxes 73,724.41
 County Added and Omitted Taxes
 Total County Taxes 1,570,025.38

Local School District Tax
 Additional Local School District Tax 1,311,526.00

Local Tax for Municipal Purposes 411,411.00
 Add: Additional Tax Levied 7,968.52
419,379.52
3,579,048.90

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

Balance December 31, 2013		\$ 204,314.59
Increased by:		
Transfers from Taxes Receivable	60,516.87	
Interest and Costs Accrued by Sale of January 17, 2014	1,499.56	
	<hr/>	<hr/>
		62,016.43
		266,331.02
Decreased by:		
Collections	28,827.82	
Canceled	368.69	
	<hr/>	<hr/>
		29,196.51
Balance December 31, 2014		\$ <u><u>237,134.51</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2013	Treasurer	Other	Balance Dec. 31, 2014
Miscellaneous Revenue Anticipated					
Licenses - Other	-	8,209.25	8,209.25		-
Interest and Costs on Taxes	-	45,506.61	45,506.61		-
Interest on Investments	-	4,972.29	4,972.29		-
Energy Receipts Tax	-	208,365.00	208,365.00		-
Garden State Trust	-	250,511.00	250,511.00		-
FEMA	-	83,552.66	83,552.66		-
FEMA Loan	-	155,236.00	155,236.00		-
Miscellaneous Revenue Not Anticipated					
		22,607.49	22,607.49		-
	<u>\$ -</u>	<u>778,960.30</u>	<u>778,960.30</u>	<u>-</u>	<u>-</u>
		Cash	605,407.64		
		Prior Reserves	173,552.66		
			<u>778,960.30</u>		

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee	\$				
Salaries and Wages	576.71	576.71		576.71	-
Other Expenses	1,846.38	1,846.38	279.43	1,566.95	-
Township Clerk					
Salaries and Wages	769.01	769.01		769.01	-
Other Expenses	3,477.70	3,477.70	991.89	2,485.81	-
Financial Administration					
Salaries and Wages	500.14	500.14		500.14	-
Other Expenses	2,261.58	2,261.58	1,023.70	1,237.88	-
Audit Services					
Other Expenses	2,500.00	2,500.00	2,500.00	-	-
Assessment of Taxes					
Salaries and Wages	0.08	0.08		0.08	-
Maintenance of Tax Map	306.50	306.50	160.00	146.50	-
Miscellaneous Other Expenses	741.71	741.71	55.06	686.65	-
Collection of Taxes					
Salaries and Wages	1,933.36	1,933.36		1,933.36	-
Other Expenses					
Tax Sale Costs	346.40	346.40		346.40	-
Miscellaneous Other Expenses	113.33	113.33		113.33	-
Liquidation of Tax Title Liens					
Other Expenses	500.00	500.00		500.00	-
Legal Services and Costs					
Other Expenses	5,063.34	5,063.34	3,029.00	2,034.34	-
Municipal Court					
Other Expenses	84.00	234.00	232.56	1.44	-
Engineering Services					
Other Expenses	4,052.25	3,902.25	2,816.52	1,085.73	-
Insurance					
General Liability	548.25	548.25		548.25	-
Employee Group Health	1,167.98	1,167.98		1,167.98	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	142.42	142.42		142.42	-
Other Expenses	6,523.59	6,523.59	1,475.20	5,048.39	-
CODE ENFORCEMENT AND ADMINISTRATION					
Housing Official					
Salaries and Wages	0.02	0.02		0.02	-
Other Expenses	808.70	808.70		808.70	-
PUBLIC SAFETY					
Emergency Management Services					
Salaries and Wages	200.12	150.12		150.12	-
Other Expenses	513.38	563.38	513.42	49.96	-
First Aid Organizations - Contribution	757.73	757.73	757.73		
First Aid Organizations - Equipment	5,382.00	5,382.00		5,382.00	-
PUBLIC WORKS					
Road Repair and Maintenance					
Salaries and Wages	110.94	110.94		110.94	-
Other Expenses	2,885.79	2,885.79	2,061.44	824.35	-
Public Buildings and Grounds					
Storm Damage and Repair	9,344.30	9,344.30	1,336.59	8,007.71	-
Garbage and Trash					
Salaries and Wages	2,048.00	2,048.00		2,048.00	-
Other Expenses	9,516.85	9,516.85	8,402.18	1,114.67	-
HEALTH AND WELFARE					
Environmental					
Other Expenses	100.00	100.00		100.00	-
Historical					
Other Expenses	100.00	100.00		100.00	-
Dog Regulation					
Other Expenses	2,220.20	2,220.20	855.00	1,365.20	-
Recreation and Tourism					
Other Expenses	100.00	100.00		100.00	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Recreation					
Other Expenses	558.56	558.56	558.56	-	-
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	986.99	986.99	986.99	-	-
Electric	1,023.13	1,023.13	179.04	844.09	-
Telephone	2,007.62	2,007.62	959.69	1,047.93	-
Street Lighting	5,431.80	5,431.80	5,385.36	46.44	-
Unemployment Insurance	696.46	696.46		696.46	-
	<u>\$ 78,247.32</u>	<u>78,247.32</u>	<u>34,559.36</u>	<u>43,687.96</u>	<u>-</u>
Reserves	45,757.19				
Encumbrances	<u>32,490.13</u>				
	<u>78,247.32</u>				

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

Balance December 31, 2013			
School Tax Payable	\$	83,022.03	
School Tax Deferred		550,000.00	
		633,022.03	\$ 633,022.03
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			1,311,526.00
			1,944,548.03
Decreased by:			
Payments			1,289,073.04
Balance December 31, 2014			
School Tax Payable		105,474.99	
School Tax Deferred		550,000.00	
		655,474.99	655,474.99
Current Year Liability for Local School District School Tax:			
Tax Paid			1,289,073.04
Tax Payable Ending			105,474.99
			1,394,548.03
Less: Tax Payable Beginning			83,022.03
Amount charged to Current Year Operations			\$ 1,311,526.00

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

Purpose	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Adjustments	Balance Dec. 31, 2014
FEDERAL GRANTS:					
Small Cities - 2012	\$ 132,821.00		132,821.00		-
Small Cities - Gandy's Beach	360,490.00		3,159.00		357,331.00
Small Cities - Bayview Bulkhead		136,860.00			136,860.00
USDA - Special Police Vehicle		25,700.00			25,700.00
USDA - Water / Wastewater		30,000.00			30,000.00
FEMA - Maple Avenue		37,459.22			37,459.22
FEMA - Gandy's Beach Bulkhead		247,838.69			247,838.69
FEMA - Dyer Cove		17,997.61			17,997.61
Total Federal	493,311.00	495,855.52	135,980.00	-	853,186.52
STATE GRANTS:					
New Jersey Transportation Trust Fund Activity Act of 1984					
2012 - Fortescue	80,773.43		24,852.95		80,773.43
2011 - Laura, Russell and Union	43,596.12	145,000.00	84,075.00		18,743.17
2013 - Garrison Avenue					60,925.00
NJDEP Shore Protection Recycling Tonnage Grant Clean Communities		397,500.00	4,482.99		397,500.00
		4,482.99	7,485.55		-
		7,485.55			-
Total State	124,369.55	554,468.54	120,896.49	-	557,941.60
\$	617,680.55	1,050,324.06	256,876.49	-	1,411,128.12
		Due From Current Cash	244,907.95		
		Unappropriated Reserves	11,968.54		
			<u>256,876.49</u>		

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

	Balance December 31, 2013		2014		Canceled	Balance Dec. 31, 2014
	Appropriated	Encumbrances	Appropriations	Disbursed		
FEDERAL GRANTS:						
Small Cities - 2012	\$ 132,031.00			132,031.00		-
Small Cities - Local Match - 2012	2,860.00			2,860.00		-
Small Cities - Local Match	13,340.00					13,340.00
Small Cities - Gandy's Beach	352,619.50		136,860.00	19,089.50		333,530.00
Small Cities - Bayview Bulkhead						136,860.00
USDA - Special Police Vehicle			33,700.00	33,700.00		-
USDA - Water / Wastewater			30,000.00	1,980.00		28,020.00
FEMA - Maple Avenue			37,459.22			37,459.22
FEMA - Gandy's Beach Bulkhead			247,838.69			247,838.69
FEMA - Dyer Cove			17,997.61	17,150.00		847.61
Total Federal	500,850.50	-	503,855.52	206,810.50	-	797,895.52
STATE GRANTS:						
New Jersey Transportation Trust Fund Authority Act of 1984	-					-
2012 Fortescue	45,767.95			45,759.34		8.61
2011 - Laura, Russell and Union	14,113.17			2,040.00		12,073.17
2013 - Garrison Avenue			145,000.00	88,689.37		56,310.63
NJDEP Shore Protection			397,500.00			397,500.00
Clean Communities Recycling Tonnage	15,657.11		7,485.55	4,137.39		19,005.27
	15.39		4,482.99	360.32		4,138.06
Total State	75,553.62	-	554,468.54	140,986.42	-	489,035.74
	576,404.12	-	1,058,324.06	347,796.92	-	1,286,931.26
			Due From Current Cash	347,796.92		
			Encumbrances	-		
				<u>347,796.92</u>		

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred To 2014 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
FEDERAL GRANTS:					
NO ACTIVITY	\$ -				-
					-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
Clean Communities	7,485.55	7,485.55	7,021.67		7,021.67
Recycling Tonnage Grant	4,482.99	4,482.99	1,484.49		1,484.49
Total State	<u>11,968.54</u>	<u>11,968.54</u>	<u>8,506.16</u>	<u>-</u>	<u>8,506.16</u>
\$	<u>11,968.54</u>	<u>11,968.54</u>	<u>8,506.16</u>	<u>-</u>	<u>8,506.16</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2013	\$ 120.58	6,837.96
Increased by Receipts:		
Dog License Fees 2014	428.40	
Due to State of New Jersey	162.60	
Due from Current Fund		13.62
Miscellaneous Trust Reserves		15,501.90
	<u>591.00</u>	<u>15,515.52</u>
	711.58	22,353.48
Decreased by Disbursements		
Statutory Expenditures	378.20	
Due to State of New Jersey	162.60	
Due to Current Fund	0.04	17.93
Miscellaneous Trust Reserves		13,278.78
	<u>540.84</u>	<u>13,296.71</u>
Balance December 31, 2014	\$ <u>170.74</u>	<u>9,056.77</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

		<u>Tax Title Lien Redemption</u>
Balance December 31, 2013	\$	10,103.17
Increased by Receipts:		
Interest		
Deposits for Redemption of Tax Sale Certificates		
Premium		2,200.00
Due from Current Fund		3,911.41
		<u>6,111.41</u>
		16,214.58
Decreased by Disbursements		
Returned to Current Fund		
Returned Premiums		
Refunds of Tax Sale Certificates		2,784.72
		<u>2,784.72</u>
Balance December 31, 2014	\$	<u><u>13,429.86</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2013		\$	579.00
Increased by:			
Dog License Fees Collected			428.40
			1,007.40
Decreased by:			
Statutory Excess Expenditures under N.J.S. 4:19-15:11			378.20
			378.20
Balance December 31, 2014		\$	629.20

License Fees Collected:

Year	Amount
2013	\$ 579.00
2012	443.00
	\$ 1,022.00

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

		<u>Increased by</u>	<u>Decreased by</u>	
<u>Reserve</u>	Balance Dec 31, 2013	Receipts	Disbursements	Adjustment
				Balance Dec 31, 2014
Tax Title Lien Redemption	\$ (3,911.41)	3,911.41		\$ -
Unemployment	0.24			0.24
Developer's Escrow	(36,303.15)	13.62	14.60	(36,304.13)
Sandy Donation	1.08			1.23
Recreation	1.55		3.33	1.78
	<u>\$ (40,211.69)</u>	<u>3,925.03</u>	<u>17.93</u>	<u>\$ (36,300.88)</u>
Tax Collector		3,911.41	-	
Treasurer		13.62	17.93	
		<u>3,925.03</u>	<u>17.93</u>	

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Reserve	Balance Dec 31, 2013	Increased by		Decreased by	Balance Dec 31, 2014
		Receipts	Adjustment	Disbursements	
Hurricane Sandy Relief	\$ 454.50		(0.30)		454.20
Developer's Escrow	41,469.75	1,500.00	(0.78)	4,420.00	38,548.97
Recreation	761.96	4,987.00	(3.79)	5,078.50	666.67
Unemployment Trust	452.03	9,014.90	1.16	3,780.28	5,687.81
	<u>\$ 43,138.24</u>	<u>15,501.90</u>	<u>(3.71)</u>	<u>13,278.78</u>	<u>45,357.65</u>

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

Balance December 31, 2013		\$	62,463.68
Increased by:			
Receipts	1,615,550.48		
	<hr/>		<hr/>
			1,615,550.48
			1,678,014.16
Decreased by:			
Disbursements	1,134,196.74		
	<hr/>		<hr/>
			1,134,196.74
Balance December 31, 2014		\$	<u><u>543,817.42</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2013		Receipts		Debt Issued	Improvement Authorizations		Disbursements		Transfers		Balance Dec. 31, 2014	
			Miscellaneous				Improvement	Miscellaneous	From	To			
Fund Balance	\$	8,702.25											8,702.25
Capital Improvement Fund		78,500.00						60,000.00					21,000.00
Due to Current Fund		108,897.46	550.48			(944,804.03)	1,051,559.39	2,500.00					192.58
Receivable - NJ DOT								360,490.00					(360,490.00)
Reserve for Encumbrance		17,315.00											3,000.00
Reserve for Landfill Closure		45,000.00											45,000.00
<u>Improvement Authorizations:</u>													
00-06 Emergency Services Building		-											-
04-03 Aluminum Observation Tower		385.00											385.00
01-12 Various Improvements		(198,321.03)			475,000.00	48,895.86							227,983.11
02-13 Improvements to Buildings		1,985.00				1,390.00							595.00
07-14 Fortescue Berm					1,140,000.00	960,040.52			3,000.00				236,959.48
08-14 Gandy's Beach Bulkhead													360,490.00
	\$	62,463.68	550.48		1,615,000.00	65,322.35	1,068,874.39	425,990.00			425,990.00		543,817.42

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

Balance December 31, 2013		\$ 78,500.00
Increased by:		
Budget Appropriation	2,500.00	
		2,500.00
		81,000.00
Decreased by:		
Finance Improvement Authorization	60,000.00	
		60,000.00
Balance December 31, 2014		\$ <u><u>21,000.00</u></u>

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

Balance December 31, 2013		\$	
Increased by:			
NO ACTIVITY	<hr/>		<hr/> -
			-
Decreased by:			
	<hr/>		<hr/> -
Balance December 31, 2014		\$	<hr/> <hr/> -

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
NO ACTIVITY						\$			
						\$			

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Various Improvements	01-12	12/17/2014	12/17/2014	12/16/2014	1.010% \$		475,000.00		475,000.00
Fortescue Berm	07-14	12/17/2014	12/17/2014	12/16/2014	1.010%		1,140,000.00		1,140,000.00
					\$	-	1,615,000.00	-	1,615,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Other	Balance Dec. 31, 2014
01-12	Various Improvements	\$ 475,000.00		475,000.00		-
07-14	Fortescue Berm		1,140,000.00	1,140,000.00		-
08-14	Gandy's Beach Bulkhead		816,510.00			816,510.00
		<u>\$ 475,000.00</u>	<u>1,956,510.00</u>	<u>1,615,000.00</u>	<u>-</u>	<u>816,510.00</u>

TOWNSHIP OF DOWNE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$17,500 except by contract or agreement."

The governing body of the Township of Downe has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or services, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine if any clear-cut violations existed.

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

Paving

Our examination of expenditures did not reveal payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 6, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the Township Committee of the Township of Downe, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Downe, for the nonpayment of taxes, assessment and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when taxes, assessments ad charges become delinquents.

BE IT FURTHER RESOLVED by the Township Committee of the Township of Downe, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2014.

Our examination of interest collected on delinquent taxes did not reveal any charges that were in agreement with the above resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on January 17, 2014 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2014	75
2013	81
2012	85

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.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 and 2014 Taxes	5
Delinquent Taxes	3

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

Comparison of Tax Levies and Collections Currently

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

Year	Currently		
	Tax Levy	Cash Collections	Percentage of Collections
2014	\$ 3,579,049	3,405,262	95.14%
2013	3,551,022	3,339,207	94.04%
2012	3,418,048	3,275,288	95.82%
2011	3,492,059	3,295,926	94.38%
2010	3,168,014	3,013,342	95.12%

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 1.851	1.803	1.690	1.733	1.554
Apportionment of Tax Rate:					
Municipal	0.231	0.218	0.203	0.19	-
County	0.883	0.887	0.807	0.875	0.885
Local School	0.737	0.698	0.680	0.673	0.669
Assessed Valuation	\$178,154,545	181,648,992	186,331,180	186,825,703	187,960,447

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>of Tax Levy</u>
2014	237,135	119,817	356,952	9.97%
2013	204,315	132,961	337,276	9.50%
2012	162,964	107,169	270,133	7.74%
2011	144,469	162,878	307,347	9.70%
2010	95,280	144,520	239,800	7.54%

FINDINGS AND RECOMMENDATIONS

NONE

STATUS OF PRIOR RECOMMENDATIONS

13-1. Expenditures must be encumbered prior to goods or services being ordered. New Jersey Purchasing Laws must be followed.

This recommendation was cleared during 2014.

13-2. Expenditures cannot be made without sufficient budgeted funds available.

This recommendation was cleared during 2014.

13-3. Minutes of all Committee meetings are to be approved on a regular basis and be available for examination and are not approved in a timely manner.

This recommendation was cleared during 2014.

13-4. The dog license trust fund must be reconciled with the bank activity on a monthly basis.

This recommendation was cleared during 2014.

13-5. The Township is required to maintain a fixed asset ledger.

This recommendation was cleared during 2014.

RECOMMENDATIONS

None

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

Very truly yours,

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Ford, Scott & Associates, LLC

Ford, Scott & Associates, LLC