

*TOWNSHIP OF LOPATCONG*

*COUNTY OF WARREN*

*REPORT OF AUDIT*

*2014*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2014

TOWNSHIP OF LOPATCONG  
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YEAR ENDED DECEMBER 31, 2014

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TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2014

TOWNSHIP OF LOPATCONG

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Lopatcong, NJ

### **Report on the Financial Statements**

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Lopatcong in the County of Warren (the "Township") as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Lopatcong  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for 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 the Township as of December 31, 2014 and 2013, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

The Township's general fixed asset account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U.S. generally accepted accounting principles but is in accordance with the accounting principles prescribed or permitted by the Division. We were unable to obtain sufficient evidence to support the cost of the fixed asset of the general fixed assets account group for the year ended December 31, 2014. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their accrual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group for the year ended December 31, 2014.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2014 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Lopatcong as of December 31, 2014 and 2013, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

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

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

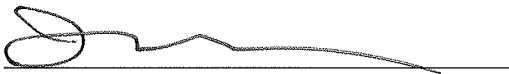
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015 on our consideration of the Township of Lopatcong'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 Lopatcong's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 29, 2015



NISIVOCIA LLP



David H. Evans  
Registered Municipal Accountant No. 98  
Certified Public Accountant

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
CURRENT FUND

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	2014	2013
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 1,914,934.16	\$ 2,236,119.03
Change Fund - Collector		700.00	700.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		5,197.45	4,684.43
		1,920,831.61	2,241,503.46
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	870,254.42	550,021.72
Tax Title Liens Receivable	A-7	147,871.55	139,785.18
Revenue Accounts Receivable	A-8	2,156.76	1,993.71
Property Acquired for Taxes - Assessed Valuation		577,800.00	577,800.00
Due from:			
Federal and State Grant Fund	A	86,009.42	127,663.18
Other Trust Fund	B	5,462.23	6,722.75
General Capital Fund	C		93,289.04
Payroll			147.98
Total Receivables and Other Assets With Full Reserves		1,689,554.38	1,497,423.56
Deferred Charges:			
Overexpenditure of Appropriations		6,752.79	
Overexpenditure of Appropriation Reserve			15,800.09
Special Emergency Authorization		131,588.80	197,383.20
Emergency Authorization		16,631.66	
		154,973.25	213,183.29
Total Regular Fund		3,765,359.24	3,952,110.31
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	65,214.36	42,259.81
Federal and State Grants Receivable	A-11	192,366.33	204,691.33
Total Federal and State Grant Fund		257,580.69	246,951.14
<u>TOTAL ASSETS</u>		\$ 4,022,939.93	\$ 4,199,061.45

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

	Ref.	December 31,	
		2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 151,886.83	\$ 41,330.00
Encumbered	A-3;A-9	32,292.89	20,904.31
Total Appropriation Reserves		<u>184,179.72</u>	<u>62,234.31</u>
Prepaid Taxes		75,227.52	120,305.42
Accounts Payable - Vendors		114.02	114.02
Due to County for Added Taxes		128,255.23	51,577.51
Due State of New Jersey - Marriage Licenses		1,440.00	890.00
Local School District Taxes Payable	A-10	1,090,591.30	1,154,665.30
Tax Overpayments		6,359.98	
Due to:			
Tax Sale Premium Fund	B	38,900.00	73,749.00
Open Space Trust Fund	B	5,223.00	1,410.00
General Capital Fund	C	170,393.78	
Sewer Operating Fund	E		300,000.00
Sewer Capital Fund	E		150,000.00
Reserve for Update of Master Plan		7,208.71	7,208.71
Reserve for Sale of Municipal Assets		24.60	24.60
Reserve for Third Party Liens		429.17	16,354.43
		<u>1,708,347.03</u>	<u>1,938,533.30</u>
Reserve for Receivables and Other Assets		1,689,554.38	1,497,423.56
Fund Balance	A-1	367,457.83	516,153.45
Total Regular Fund		<u>3,765,359.24</u>	<u>3,952,110.31</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-12	162,844.85	89,768.89
Unappropriated Reserves	A-13	8,726.42	29,519.07
Due Current Fund	A	86,009.42	127,663.18
Total Federal and State Grant Fund		<u>257,580.69</u>	<u>246,951.14</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,022,939.93</u>	<u>\$ 4,199,061.45</u>

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 290,000.00	\$ 62,525.00
Miscellaneous Revenue Anticipated		2,133,167.28	2,388,762.15
Receipts from:			
Delinquent Taxes		557,021.59	473,126.19
Current Taxes		23,032,875.24	22,644,623.57
Nonbudget Revenue		51,347.84	56,899.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		12,366.29	41,227.67
Increase in Deferred School Tax		284,854.00	
Cancel County Taxes Payable		394.55	
Tax Sale Premiums Lapsed		9,660.00	
Interfunds and Other Receivables Returned		103,351.30	
Total Income		26,475,038.09	25,667,163.90
 <u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		6,479,309.36	5,938,853.94
County Taxes		6,402,108.43	6,418,743.50
Amount Due County for Added and Omitted Taxes		128,255.23	51,182.96
Local School District Taxes		13,086,852.00	12,708,372.00
Municipal Open Space Tax		259,813.00	257,410.00
Senior Citizens Deductions Disallowed		780.14	2,931.50
Interfunds and Other Receivables Advanced			83,769.28
Overexpenditure of Appropriation Reserves			15,800.09
Total Expenditures		26,357,118.16	25,477,063.27
Excess in Revenue		117,919.93	190,100.63
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriations		6,752.79	15,800.09
Emergency Appropriation		16,631.66	
Statutory Excess to Fund Balance		141,304.38	205,900.72
 <u>Fund Balance</u>			
Balance January 1		516,153.45	372,777.73
		657,457.83	578,678.45
Decreased by:			
Utilized as Anticipated Revenue		290,000.00	62,525.00
Balance December 31	A	\$ 367,457.83	\$ 516,153.45

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

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 290,000.00		\$ 290,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	8,000.00		8,000.00	
Fees and Permits	10,000.00		18,041.07	\$ 8,041.07
Fines and Costs:				
Municipal Court	50,000.00		38,753.92	11,246.08 *
Interest and Costs on Taxes	90,000.00		102,791.82	12,791.82
Interest on Investments and Deposits	3,000.00		4,838.81	1,838.81
Anticipated Utility Operating Surplus	250,000.00		250,000.00	
Parks and Playgrounds Fees	124,000.00		138,329.82	14,329.82
Energy Receipts Taxes	948,271.00		948,271.00	
Uniform Construction Code Fees	125,000.00		101,891.00	23,109.00 *
Municipal Court - Harmony Shared Service Agreement	50,000.00		40,000.00	10,000.00 *
Recycling Tonnage Grant	4,267.39		4,267.39	
Clean Communities Grant		\$ 16,547.57	16,547.57	
Body Armor Grant		1,680.92	1,680.92	
Donation for Police Equipment		100.00	100.00	
Reserve for Body Armor Grant	2,098.74		2,098.74	
Reserve for Clean Communities Grant	20.94		20.94	
Reserve for Safe and Secure Communitis Program	23,132.00		23,132.00	
Highlands Grant		8,342.25	8,342.25	
Safe and Secure Community P5180-1		30,000.00	30,000.00	
Safe and Secure Community P5480-1		30,000.00	30,000.00	

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Utility Operating Surplus of Prior Year	\$ 200,000.00		\$ 200,000.00	
Uniform Fire Safety Act	31,000.00		34,640.33	\$ 3,640.33
Due from Federal and State Grant Fund	33,000.00		33,000.00	
Sale of SRECS	12,000.00		17,533.00	5,533.00
Payment in Lieu of Taxes	45,000.00		49,113.70	4,113.70
Cable TV Franchise Fee	29,000.00		31,773.00	2,773.00
Total Miscellaneous Revenue	<u>2,037,790.07</u>	<u>\$ 86,670.74</u>	<u>2,133,167.28</u>	<u>8,706.47</u>
Receipts from Delinquent Taxes	<u>537,500.00</u>		<u>557,021.59</u>	<u>19,521.59</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>4,151,546.88</u>		<u>3,803,371.48</u>	<u>348,175.40 *</u>
Budget Totals	<u>7,016,836.95</u>	<u>86,670.74</u>	<u>6,783,560.35</u>	<u>319,947.34 *</u>
Nonbudget Revenue			<u>51,347.84</u>	<u>51,347.84</u>
	<u>\$7,016,836.95</u>	<u>\$ 86,670.74</u>	<u>\$ 6,834,908.19</u>	<u>\$ 268,599.50 *</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 23,032,875.24
Allocated to County, School, and Local Open Space Taxes	19,877,028.66
Balance for Support of Municipal Budget	3,155,846.58
Add: Appropriation - Reserve for Uncollected Taxes	647,524.90
Realized for Support of Municipal Budget	\$ 3,803,371.48
Collection of Delinquent Taxes	
Taxes Receivable	\$ 545,871.90
Tax Title Liens	11,149.69
	\$ 557,021.59

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Licenses - Other	\$ 633.80	
Franklin Shared Court - Court Ordered Settlement	21,542.50	
DPW Sale of Scrap	938.60	
Community Day/Easter/150th Anniversary Donations	14,065.00	
Senior Citizen and Veteran Administration Fees	1,982.37	
Tax Collector Miscellaneous	394.96	
Other Miscellaneous Revenue	11,790.61	
		\$ 51,347.84

Analysis of Interest Earned

Interest Earned in Current Fund	\$ 4,345.80
Interest Due from Federal and State Grant Fund	72.66
Interest Due from General Capital Fund	181.12
Interest Due from Other Trust Funds	239.23
	\$ 4,838.81

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

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS"						
GENERAL GOVERNMENT:						
Administrative and Executive:						
Other Expenses:						
Postage	\$ 8,500.00	\$ 8,500.00	\$ 8,138.56	\$ 361.44		
Computer Services	19,000.00	17,245.22	17,173.26	71.96		
Code Book Update	5,000.00	5,000.00	3,241.60	1,758.40		
Human Resource Education	3,750.00	4,611.98	4,611.98			
Mayor and Council:						
Salaries & Wages	17,071.00	17,071.00	17,070.12	0.88		
Administration (Municipal Clerk):						
Salaries & Wages	233,068.00	233,068.00	233,068.00			
Other Expenses	26,402.00	33,470.89	33,470.89			
Financial Administration:						
Salaries & Wages	61,000.00	62,400.00	62,250.25	149.75		
Other Expenses	3,500.00	3,773.91	3,773.91			
Annual Audit	30,000.00	30,825.00	30,825.00			
Tax Assessment Administration:						
Salaries & Wages	93,860.00	95,360.00	95,132.04	227.96		
Other Expenses	64,510.00	56,610.00	37,973.33	18,636.67		
Revenue Administration (Tax Collection):						
Salaries & Wages	28,475.00	28,475.00	27,539.98	935.02		
Other Expenses	5,905.00	5,905.00	10,276.63		\$ 4,371.63	
Legal Services and Costs:						
Other Expenses (Emergency Appropriation \$16,631.66)	80,000.00	143,224.22	143,224.22			

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
GENERAL GOVERNMENT (continued):						
Engineering Services and Costs:						
Other Expenses	\$ 75,000.00	\$ 75,000.00	\$ 64,067.25	\$ 10,932.75		
Public Buildings and Grounds:						
Salaries & Wages	8,724.00	11,324.00	11,287.64	36.36		
Other Expenses	30,500.00	42,400.00	41,276.49	1,123.51		
Garbage and Trash Removal:						
Other Expenses	8,000.00	9,800.00	8,211.25	1,588.75		
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries & Wages	12,106.00	12,106.00	12,070.68	35.32		
Planner	25,000.00	10,000.00	7,886.73	2,113.27		
Other Expenses	10,000.00	10,000.00	8,168.36	1,831.64		
Board of Adjustment:						
Salaries & Wages	5,836.00	5,836.00	5,835.18	0.82		
Other Expenses	1,915.00	1,915.00	1,306.40	608.60		
Rent Board:						
Salaries & Wages	4,275.00	4,275.00	4,274.40	0.60		
Shade Tree Commission:						
Other Expenses	500.00	500.00	369.18	130.82		
Municipal Court:						
Salaries & Wages	97,458.00	97,458.00	84,388.03	13,069.97		

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
PUBLIC SAFETY:						
Fire:						
Miscellaneous Other Expenses:						
Fire Companies	\$ 25,000.00	\$ 25,000.00	\$ 23,870.34	\$ 1,129.66		
Police:						
Salaries & Wages	1,706,500.00	1,706,250.00	1,701,102.29	5,147.71		
Other Expenses	125,000.00	105,575.00	97,166.93	8,408.07		
Prosecutor's Office:						
Salaries & Wages:						
Lopatcong	19,760.00	19,760.00	19,759.92	0.08		
First Aid Organization - Contribution	12,500.00	12,500.00	6,163.21	6,336.79		
Uniform Fire Safety Act - Fire Inspector:						
Salaries & Wages	31,440.58	31,440.58	31,306.35	134.23		
Zoning Officer:						
Salaries & Wages	9,908.00	9,908.00	9,907.82	0.18		
Emergency Management Services:						
Salaries & Wages	3,282.00	4,182.00	3,279.96	902.04		

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries & Wages	\$ 280,000.00	\$ 306,500.00	\$ 305,999.04	\$ 500.96		
Other Expenses	212,000.00	225,500.00	222,391.98	3,108.02		
HEALTH AND WELFARE:						
Senior Citizens:						
Other Expenses	5,000.00					
Animal Control Fund:						
Salaries & Wages	3,432.00	3,432.00	3,432.00			
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Salaries & Wages	80,000.00	67,500.00	69,881.16		\$ 2,381.16	
Other Expenses	85,243.00	95,243.00	94,526.09	716.91		
Insurance:						
General Liability	146,447.00	146,447.00	146,447.00			
Workers Compensation	104,488.00	104,488.00	102,903.40	1,584.60		
Employee Group Health	510,000.00	434,238.03	404,114.07	30,123.96		
Health Benefit Waiver	20,000.00	20,000.00	20,000.00			

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
UNIFORM CONSTRUCTION CODE: (continued)						
Building Sub Code Official:						
Salaries & Wages	\$ 40,074.00	\$ 58,574.00	\$ 47,666.40	\$ 10,907.60		
Other Expenses	2,734.00	5,734.00	2,469.13	3,264.87		
UNCLASSIFIED:						
Electricity	60,000.00	66,000.00	64,896.40	1,103.60		
Street Lighting	7,500.00	2,750.00	2,678.64	71.36		
Telephone	53,443.00	50,030.28	50,030.28			
Natural Gas	20,188.00	23,770.13	23,770.13			
Gasoline	100,434.00	109,384.00	101,161.06	8,222.94		
Fire Hydrant Service	141,700.00	141,700.00	141,682.56	17.44		
Water	11,730.00	11,730.00	9,902.99	1,827.01		
Total Operations within "CAPS"	4,777,158.58	4,813,790.24	4,683,420.51	137,122.52	\$ 6,752.79	
Contingent	500.00	500.00	125.39	374.61		
Total Operations Including Contingent within "CAPS"	4,777,658.58	4,814,290.24	4,683,545.90	137,497.13	6,752.79	
Detail:						
Salaries & Wages	2,736,269.58	2,774,919.58	2,745,251.26	32,049.48	2,381.16	
Other Expenses (Including Contingent)	2,041,389.00	2,039,370.66	1,938,294.64	105,447.65	4,371.63	

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
DEFERRED CHARGES:						
Overexpenditures of Appropriations	\$ 15,801.00	\$ 15,801.00	\$ 15,800.09			\$ 0.91
Prior Year Bills - Planner	40,000.00	40,000.00	40,000.00			
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security (O.A.S.I)	200,000.00	215,000.00	206,114.84	\$ 8,885.16		
Unemployment Compensation	45,000.00	10,000.00	4,495.46	5,504.54		
Public Employees Retirement System	136,316.00	136,316.00	136,316.00			
Police and Firemen's' Retirement System	283,511.00	283,511.00	283,511.00			
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	720,628.00	700,628.00	686,237.39	14,389.70		0.91
Total General Appropriations for Municipal Purposes Within "CAPS"	5,498,286.58	5,514,918.24	5,369,783.29	151,886.83	\$ 6,752.79	0.91
Shared Service Agreements:						
Harmony Court	50,000.00	50,000.00	50,000.00			
Total Shared Service Agreements	50,000.00	50,000.00	50,000.00			

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	Overexpenditures	
Operations - Excluded from "CAPS" (continued):						
Public and Private Programs Offset by Revenue:						
Safe and Secure Community Grant P5480-1 (N.J.S.A.40A:4-87 + \$30,000.00)		\$ 30,000.00	\$ 30,000.00			
Safe and Secure Community Grant P5180-1 (N.J.S.A.40A:4-87 + \$30,000.00)		30,000.00	30,000.00			
Clean Communities Grant (N.J.S.A.40A:4-87 + \$16,547.57)		16,547.57	16,547.57			
Reserve for Body Armor Grant	\$ 2,098.74	2,098.74	2,098.74			
Recycling Tonnage Grant	4,267.39	4,267.39	4,267.39			
Reserve for Clean Communitites Grant	20.94	20.94	20.94			
Body Armor Grant (N.J.S.A.40A:4-87 + \$1,680.92)		1,680.92	1,680.92			
Reserve Regional Master Plan/Highlands Grant (N.J.S.A.40A:4-87 + \$8,342.25)		8,342.25	8,342.25			
Reserve for Safe and Secure Communities Program	23,132.00	23,132.00	23,132.00			
Donation for Police Equipment (NJSA 40A:4-87 + \$100.00)		100.00	100.00			
<b>Total Public and Private Programs Offset by Revenues</b>	<b>29,519.07</b>	<b>116,189.81</b>	<b>116,189.81</b>			
<b>Total Operations - Excluded from "CAPS"</b>	<b>79,519.07</b>	<b>166,189.81</b>	<b>166,189.81</b>			
Detail:						
Other Expenses	79,519.07	166,189.81	166,189.81			
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00			
Road Improvements - South Third Street	110,000.00	110,000.00	110,000.00			
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>360,000.00</b>	<b>360,000.00</b>	<b>360,000.00</b>			
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Prinicipal	125,000.00	125,000.00	125,000.00			
Payment of Bond Anticipation Notes	36,000.00	36,000.00	36,000.00			
Interest on Bonds	184,205.00	184,205.00	184,205.00			
Interest on Notes	20,507.00	20,507.00	20,450.03			\$ 56.97
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>365,712.00</b>	<b>365,712.00</b>	<b>365,655.03</b>			<b>56.97</b>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Appropriations		Expended By			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	Overexpenditures	
DEFERRED CHARGES:						
Special Emergency Authorizations - 5 Years	\$ 65,794.40	\$ 65,794.40	\$ 65,794.40			
Total Deferred Charges - Municipal - Excluded from "CAPS"	65,794.40	65,794.40	65,794.40			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	871,025.47	957,696.21	957,639.24			\$ 56.97
Total General Appropriations - Excluded from "CAPS"	871,025.47	957,696.21	957,639.24			56.97
Subtotal General Appropriations	6,369,312.05	6,472,614.45	6,327,422.53	\$ 151,886.83	\$ 6,752.79	57.88
Reserve for Uncollected Taxes	647,524.90	647,524.90	647,524.90			
Total General Appropriations	<u>\$ 7,016,836.95</u>	<u>\$ 7,120,139.35</u>	<u>\$ 6,974,947.43</u>	<u>\$ 151,886.83</u>	<u>\$ 6,752.79</u>	<u>\$ 57.88</u>

Ref.

A

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014  
 (Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 7,016,836.95	
Emergency Appropriation		16,631.66	
Added by N.J.S.A. 40A:4-87		86,670.74	
		\$ 7,120,139.35	
Reserve for Uncollected Taxes			\$ 647,524.90
Cash Disbursed			6,243,073.98
Deferred Charges - Overexpenditure of Appropriation			15,800.09
Deferred Charges - Special Emergency Authorization			65,794.40
Due to Federal and State Grant Fund			116,189.81
Encumbrances	A		32,292.89
			7,120,676.07
Less: Refunds			145,728.64
			\$ 6,974,947.43

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
TRUST FUNDS

TOWNSHIP OF LOPATCONG  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 3,185.57	\$ 192.88
		<u>3,185.57</u>	<u>192.88</u>
Unemployment Compensation Insurance Fund:			
Cash and Cash Equivalents	B-4	1,831.38	3,137.20
Due from State of New Jersey		972.49	
		<u>2,803.87</u>	<u>3,137.20</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,478,717.85	1,073,260.03
Due from Current Fund - Tax Sale Premium Fund	A	38,900.00	73,749.00
Due from Current Fund - Open Space Trust Fund	A	5,223.00	1,410.00
Deferred Charges - Deficit in Reserve for: Public Defender Trust Fund		12.73	
		<u>1,522,853.58</u>	<u>1,148,419.03</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,528,843.02</u>	<u>\$ 1,151,749.11</u>

TOWNSHIP OF LOPATCONG  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2014	2013
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State of New Jersey			\$ 5.40
Prepaid Dog License Fees		\$ 544.00	
Reserve for Animal Control Fund Expenditures	B-6	2,641.57	187.48
		<u>3,185.57</u>	<u>192.88</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation Insurance	B-5	2,803.87	3,137.20
		<u>2,803.87</u>	<u>3,137.20</u>
Other Trust Funds:			
Due to Current Fund	A	5,462.23	6,722.75
Reserve for:			
Sub-Division Fees		825,625.58	494,152.13
Tax Sale Premiums		127,300.00	88,400.00
Open Space Trust		11,147.62	7,210.10
Encumbrances		1,005.00	95,925.82
Parking Offenses Adjudication Act		612.60	610.60
Public Defender			287.27
Recreation Trust		45,785.64	58,187.19
Outside Employment of Police Officers		10,615.59	10,196.81
Council on Affordable Housing		177,172.95	65,784.56
Community Hope		230,091.51	230,000.00
Detention Basin/Sidewalk Construction		81,068.18	83,975.12
Snow Removal		6,966.68	6,966.68
		<u>1,522,853.58</u>	<u>1,148,419.03</u>
Total Other Trust Funds			
		<u>1,522,853.58</u>	<u>1,148,419.03</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,528,843.02</u>	<u>\$ 1,151,749.11</u>

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

TOWNSHIP OF LOPATCONG  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

TOWNSHIP OF LOPATCONG  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 86,309.36	\$ 48,111.19
Due from:			
Current Fund	A	170,393.78	
New Jersey Department of Transportation - Grant Receivable		214,771.75	120,000.00
Deferred Charges to Future Taxation:			
Funded		5,722,000.00	6,047,000.00
Unfunded	C-4	2,478,600.00	1,025,850.00
<u>TOTAL ASSETS</u>		<u>\$ 8,672,074.89</u>	<u>\$ 7,240,961.19</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 5,722,000.00	\$ 6,047,000.00
Bond Anticipation Notes Payable	C-7	2,478,100.00	1,025,350.00
Improvement Authorizations:			
Funded	C-5	229,480.36	13,005.75
Unfunded	C-5	5,409.56	
Due Current Fund	A		93,289.04
Reserve for:			
Encumbrances		89,130.73	
To Pay Debt Service		47,170.12	47,170.12
South Third Street Improvements		70,000.00	
Capital Improvement Fund	C-6	18,424.24	3,057.40
Fund Balance	C-1	12,359.88	12,088.88
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,672,074.89</u>	<u>\$ 7,240,961.19</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 12,088.88
Increased by:		
Premium on Bond Anticipation Notes		<u>271.00</u>
Balance December 31, 2014	C	<u>\$ 12,359.88</u>

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 367,833.20	\$ 156,789.73
Change Fund		50.00	50.00
Due from Current Fund	A		300,000.00
Due From Sewer Utility Capital Fund	E	103,835.54	54,628.03
Due From Sewer Utility Assessment Fund	E	5.34	31.01
		<u>471,724.08</u>	<u>511,498.77</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	E-6	181,682.29	157,624.37
Hook Up Fees Receivable	E-6A		2,000.00
Sewer Liens Receivable		2,970.86	2,970.86
		<u>184,653.15</u>	<u>162,595.23</u>
Deferred Charges - Overexpenditure of Appropriations - 2012			22,762.34
Deferred Charges - Overexpenditure of Appropriations - 2013			35,280.80
			<u>58,043.14</u>
Total Operating Fund		<u>656,377.23</u>	<u>732,137.14</u>
Assessment Trust Fund:			
Cash - Assessment Trust Fund	E-4	46.23	71.90
Assessment Liens		1,530.00	1,530.00
Assessment Lien Interest and Costs		1,211.02	1,211.02
Total Assessment Trust Fund		<u>2,787.25</u>	<u>2,812.92</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	2,184,013.15	3,117,930.95
Due from Current Fund	A		150,000.00
Fixed Capital	E-7	3,900,626.98	3,900,626.98
Fixed Capital Authorized and Uncompleted	E-8	3,595,000.00	3,595,000.00
Total Capital Fund		<u>9,679,640.13</u>	<u>10,763,557.93</u>
<u>TOTAL ASSETS</u>		<u>\$ 10,338,804.61</u>	<u>\$ 11,498,507.99</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Unencumbered	E-3;E-9	\$ 179,779.54	\$ 4,641.45
		179,779.54	4,641.45
Accounts Payable - Vendors		27,359.00	27,359.00
Sewer Rents Overpayments		9,206.09	
Sewer Hook-up Overpayments		8,000.00	8,000.00
Third Party Liens		287.06	287.06
Accrued Interest on Notes		13,166.67	16,458.33
		237,798.36	56,745.84
Reserve for Receivables		184,653.15	162,595.23
Fund Balance	E-1	233,925.72	512,796.07
Total Operating Fund		656,377.23	732,137.14
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	5.34	31.01
Reserve for Assessments and Liens		2,741.02	2,741.02
Fund Balance	E-1a	40.89	40.89
Total Assessment Trust Fund		2,787.25	2,812.92
Capital Fund:			
Bond Anticipation Note Payable	E-13	3,000,000.00	3,000,000.00
Improvement Authorizations - Funded	E-10	12,247.72	12,247.72
Improvement Authorizations - Unfunded	E-10	1,915,940.28	3,255,515.59
Due Sewer Utility Operating Fund	E	103,835.54	54,628.03
Capital Improvement Fund	E-11	433,117.22	233,117.22
Reserve for Amortization		3,861,170.68	3,861,170.68
Reserve for Deferred Amortization	E-12	330,000.00	330,000.00
Fund Balance	E-1b	23,328.69	16,878.69
Total Capital Fund		9,679,640.13	10,763,557.93
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,338,804.61</u>	<u>\$ 11,498,507.99</u>

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

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2014	2013
<u>Revenue and Other Income Realized</u>			
Operating Fund Balance Anticipated		\$ 100,000.00	
Rents		1,795,600.88	\$ 1,896,868.49
Miscellaneous Revenue		69,906.63	75,681.80
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		4,641.45	161,334.21
		<u>1,970,148.96</u>	<u>2,133,884.50</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,401,372.00	1,354,026.91
Capital Improvement Fund		200,000.00	200,000.00
Debt Service		34,104.17	37,395.83
Deferred Charges and Statutory Expenditures		63,543.14	5,427.04
		<u>200,000.00</u>	<u>200,000.00</u>
Prior Year Surplus Due Current Fund			
		<u>1,899,019.31</u>	<u>1,796,849.78</u>
Excess/(Deficit) in Revenue		<u>71,129.65</u>	<u>337,034.72</u>
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			35,280.80
			<u>35,280.80</u>
Statutory Excess to Fund Balance		71,129.65	372,315.52
<u>Fund Balance</u>			
Balance January 1		512,796.07	390,480.55
		<u>583,925.72</u>	<u>762,796.07</u>
Decreased by:			
Utilized as Anticipated Revenue		100,000.00	
Surplus General Budget		250,000.00	250,000.00
		<u>250,000.00</u>	<u>250,000.00</u>
Balance December 31	E	<u>\$ 233,925.72</u>	<u>\$ 512,796.07</u>

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

E-1a

TOWNSHIP OF LOPATCONG  
SEWER ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 40.89
Balance December 31, 2014	E	\$ 40.89

E-1b

SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 16,878.69
Increased By:		
Bond Anticipation Note Premium		6,450.00
Balance December 31, 2014	E	\$ 23,328.69

E-2

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Operating Fund Balance Anticipated	\$ 100,000.00	\$ 100,000.00	
Sewer Rents	1,802,416.00	1,795,600.88	\$ 6,815.12 *
Miscellaneous Revenue Anticipated	50,000.00	69,906.63	19,906.63
	<u>\$ 1,952,416.00</u>	<u>\$ 1,965,507.51</u>	<u>\$ 13,091.51</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Sewer Utility Operating Fund	\$ 689.86
Sewer Assessment Trust Fund	5.34
Sewer Utility Capital Fund	4,548.36
Interest and Costs on Rents	15,334.08
Other Miscellaneous Revenue	328.99
Hook-up Fees	49,000.00
	<u>\$ 69,906.63</u>

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



TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF LOPATCONG  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2014 (Unaudited)	2013
<u>ASSETS</u>		
Land	\$ 3,260,699.62	\$ 3,260,699.62
Buildings	1,145,900.00	1,145,900.00
Machinery and Equipment	4,154,394.33	4,154,394.33
<u>TOTAL ASSETS</u>	<u>\$ 8,560,993.95</u>	<u>\$ 8,560,993.95</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 8,560,993.95	\$ 8,560,993.95
<u>TOTAL RESERVES</u>	<u>\$ 8,560,993.95</u>	<u>\$ 8,560,993.95</u>

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

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

Sewer Utility Operating, Assessment, and Capital Funds - Account for the operations, resources and expenditures for the payment of assessment debt, and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Assets Account Group (Unaudited for 2014) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014

(Continued)

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

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

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

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

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

E. Other significant accounting policies include:

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

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

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

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

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

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.

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

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

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

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

E. Other Significant Accounting Policies (Cont'd)

General Fixed Assets (Unaudited for 2014) – In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund are recorded in the Sewer Utility Capital account at cost and are not adjusted for dispositions and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Fund does not record depreciation on fixed assets.

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

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2014	2013	2012
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 8,200,100.00	\$ 7,072,350.00	\$ 7,424,000.00
Sewer Utility Fund:			
Bonds and Notes	3,000,000.00	3,000,000.00	3,000,000.00
Total Issued	<u>11,200,100.00</u>	<u>10,072,350.00</u>	<u>10,424,000.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	500.00	500.00	500.00
Sewer Utility:			
Bonds and Notes	304,456.30	304,456.30	304,456.30
Total Authorized but not Issued	<u>304,956.30</u>	<u>304,956.30</u>	<u>304,956.30</u>
Less: Reserve to Pay Debt Service -			
General Capital Fund	47,170.12	47,170.12	47,170.12
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 11,457,886.18</u>	<u>\$ 10,330,136.18</u>	<u>\$ 10,681,786.18</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
General Capital Fund:				
Serial Bonds	\$ 6,362,000.00		\$ 315,000.00	\$ 6,047,000.00
Bond Anticipation Notes	1,062,000.00	\$ 1,025,350.00	1,062,000.00	1,025,350.00
Sewer Utility Fund:				
Bond Anticipation Notes	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Total	<u>\$ 10,424,000.00</u>	<u>\$ 4,025,350.00</u>	<u>\$ 4,377,000.00</u>	<u>\$ 10,072,350.00</u>

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
General Capital Fund:				
Serial Bonds	\$ 6,047,000.00		\$ 325,000.00	\$ 5,722,000.00
Bond Anticipation Notes	1,025,350.00	\$ 2,478,100.00	1,025,350.00	2,478,100.00
Sewer Utility Fund:				
Bond Anticipation Notes	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Total	<u>\$ 10,072,350.00</u>	<u>\$ 5,478,100.00</u>	<u>\$ 4,350,350.00</u>	<u>\$ 11,200,100.00</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 .961%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,250,000.00	\$ 13,250,000.00	
Sewer Utility Debt	3,304,456.30	3,304,456.30	
General Debt	8,200,600.00	47,170.12	\$ 8,153,429.88
	<u>\$ 24,755,056.30</u>	<u>\$ 16,601,626.42</u>	<u>\$ 8,153,429.88</u>

Net Debt \$8,153,429.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$848,644,561.67= .961%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 29,702,559.66
Net Debt	8,153,429.88
Remaining Borrowing Power	<u>\$ 21,549,129.78</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,965,507.51
Deductions:	
Operating and Maintenance Costs	1,499,019.31
Excess in Revenue	<u>\$ 466,488.20</u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing information is in agreement with the annual debt statement as filed by the Chief Financial Officer.

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

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

At December 31, 2014, the Township had capital debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>				
<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>		
9/1/2015	3.75%	\$	345,000.00	
9/1/2016	4.00%		360,000.00	
9/1/2017	4.00%		375,000.00	
9/1/2018	4.00%		385,000.00	
9/1/2019	4.00%		410,000.00	
9/1/2020	4.00%		425,000.00	
9/1/2021	4.00%		445,000.00	
9/1/2022	4.00%		460,000.00	
9/1/2023	4.00%		470,000.00	
9/1/2024	4.00%		495,000.00	
9/1/2025	4.00%		515,000.00	
9/1/2026	4.00%		520,000.00	
9/1/2027	4.00%		517,000.00	
		\$	<u>5,722,000.00</u>	

<u>General Capital Bond Anticipation Notes</u>				
<u>Maturities of Notes</u>				
<u>Purpose</u>	<u>Outstanding Dec. 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
	<u>Date</u>	<u>Amount</u>		
Installation of Solar Panels and Related Equipment	4/6/2015	\$ 989,350.00	0.71%	\$ 989,350.00
Payments of Amounts Owing to Others for Taxes Levied	4/6/2015	1,085,000.00	0.83%	1,085,000.00
Acquisition of Fire Truck	12/15/2015	403,750.00	1.25%	403,750.00
				<u>\$ 2,478,100.00</u>

<u>Sewer Utility Fund Bond Anticipation Notes</u>				
Improvements to Sanitary Sewer System	1/29/2015	\$ 3,000,000.00	1.00%	\$ 3,000,000.00
				<u>\$ 3,000,000.00</u>

	<u>\$ 11,200,100.00</u>
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Total Debt Issued and Outstanding

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

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

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

Calendar Year	General Capital		
	Principal	Interest	Total
2015	\$ 345,000.00	\$ 228,017.50	\$ 573,017.50
2016	360,000.00	215,080.00	575,080.00
2017	375,000.00	200,680.00	575,680.00
2018	385,000.00	185,680.00	570,680.00
2019	410,000.00	170,280.00	580,280.00
2020-2024	2,295,000.00	592,400.00	2,887,400.00
2025-2027	1,552,000.00	124,240.00	1,676,240.00
	<u>\$ 5,722,000.00</u>	<u>\$ 1,716,377.50</u>	<u>\$ 7,438,377.50</u>

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2014, which are appropriated and included in the introduced budget as anticipated revenue in the Current Fund and Sewer Utility Operating Fund for the year ending December 31, 2015 are \$150,000 and \$-0-, respectively.

Note 4: School Taxes

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

Local District School Tax has been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance 12/31/2014	Balance 12/31/2013
Balance of Tax	\$ 7,634,017.30	\$ 7,413,237.30
Deferred	<u>6,543,426.00</u>	<u>6,258,572.00</u>
Tax Payable	<u>\$ 1,090,591.30</u>	<u>\$ 1,154,665.30</u>

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014

(Continued)

Note 5: 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 following funds:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>2015</u> <u>Budget</u> <u>Appropriation</u>
Current Fund:		
Overexpenditure of Appropriations	\$ 6,752.79	\$ 6,752.79
Emergency Authorizations	16,631.66	16,631.66
Special Emergency	131,588.80	65,794.40
Public Defender Trust Fund	12.73	12.73
	<u>\$ 154,985.98</u>	<u>\$ 89,191.58</u>

The 2015 Budget Appropriation is no less than required by statute.

Note 6: Pension Plans

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.78% effective July 1, 2013 and increased to 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014

(Continued)

Note 6: Pension Plans (Cont'd)

Township contributions to PERS amounted to \$136,316.00, \$149,808.00 and \$149,458.00 for 2014, 2013 and 2012 respectively.

Township contributions for PFRS amounted to \$283,511.00, \$304,860.00 and \$283,217.00 for 2014, 2013 and 2012 respectively.

Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$630,021.70 at December 31, 2014. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	\$ 2.760	\$ 2.686	\$ 2.546
<u>Apportionment of Tax Rate:</u>			
County	0.644	0.647	0.559
County Library	0.053	0.053	0.054
Open Space - County	0.044	0.048	0.068
Open Space - Municipal	0.029	0.029	0.030
Local District School	1.511	1.479	1.462
Municipal	0.479	0.430	0.373
<u>Assessed Valuations:</u>			
2014	\$ 866,043,745.00		
2013		\$ 859,544,139.00	
2012			\$ 856,059,955.00

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 24,376,494.91	\$ 23,032,875.24	94.48%
2013	23,270,821.76	22,644,623.57	97.30%
2012	21,942,414.42	21,371,972.50	97.40%

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

Note 9: Cash and Cash Equivalents

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

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

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

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

**Credit Risk** – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Deposits:

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

Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2014, cash and cash equivalents of the Township of Lopatcong consisted of the following:

Fund	Cash On Hand	Checking Accounts	Certificate of Deposit	Total
Current	\$ 700.00	\$ 1,914,934.16		\$ 1,915,634.16
Federal and State Grant		65,214.36		65,214.36
Animal Control		3,185.57		3,185.57
Unemployment				
Compensation Insurance		1,831.38		1,831.38
Other Trust		1,394,718.65	\$ 83,999.20	1,478,717.85
General Capital		86,309.36		86,309.36
Sewer Utility Operating	50.00	367,833.20		367,883.20
Sewer Utility Capital		2,184,013.15		2,184,013.15
Sewer Utility Assessment		46.23		46.23
	<u>\$ 750.00</u>	<u>\$ 6,018,086.06</u>	<u>\$ 83,999.20</u>	<u>\$ 6,102,835.26</u>

During the year ended December 31, 2014, the Township did not hold any investments other than certificates of deposits. The carrying amount of the Township's cash and cash equivalents at December 31, 2014, was \$6,102,835.26 and the bank balance was \$6,062,210.06.

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Health benefits are provided to employees through AmeriHealth.

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

The following coverage are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2014 audit report for the Fund is not available as of the date of this audit. Selected, summarized financial information for the Fund for the year ended December 31, 2013 is as follows:

	Statewide Insurance Fund Dec. 31, 2013
Total Assets	\$ 36,865,759
Net Position	\$ 7,010,778
Total Revenue	\$ 23,466,411
Total Expenses	\$ 21,204,866
Change in Net Position	\$ 2,261,545
Members Dividends	\$ -0-

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

Statewide Insurance Fund  
C/O HRH of Northern New Jersey, Inc.  
100 Passaic Avenue CN 40003  
Fairfield, New Jersey 07004

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of the interest earned, employees contributions, amount reimbursed and the ending balance of the Township's expendable trust fund for the current year and previous two years:

Year	State of New Jersey Refund	Township Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2014	\$ -0-	\$ 9,300.00	\$ 972.49	\$ 8.45	\$ 10,614.27	\$ 2,803.87
2013	5,290.82	-0-	3,648.59	5.13	6,255.13	3,137.20
2012	17,259.56	-0-	10,354.03	12.75	31,280.19	447.79

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2014:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 91,471.65	\$ 214,516.78
Federal and State Grant Fund		86,009.42
General Capital Fund	170,393.78	
Other Trust Fund	44,123.00	5,462.23
Sewer Utility Operating Fund	103,840.88	
Sewer Utility Capital Fund		103,835.54
Sewer Utility Assessment Trust Fund		5.34
	<u>\$ 409,829.31</u>	<u>\$ 409,829.31</u>

A majority of the intefund activity throughout the year between the funds consisted of interest earned. There is an interfund due from the Current Fund to the Federal and State Grant Fund for funds collected and disbursed in the Current Fund. The interfund which exists between the Current Fund and the General Capital Fund is made up of a Department of Transportation Grant receipt and premium on notes, collected and deposited in the Current Fund, and due to General Capital Fund at year end. The interfund between the Current Fund and the Tax Sale Premium Trust consists of tax sale premiums collected in the Current Fund and not turned over to the Trust by year end. The majority of interfund activity between the Sewer Utility Funds is due to improvements authorizations being paid out of the operating fund, and not reimbursed by the Sewer Capital Fund by the end of the year.

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

Note 12: Commitments and Contingencies

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

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

Note 13: Economic Dependency

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

Note 14: Open Space Trust Fund

The Township established an Open Space Trust Fund in 2000. The Township has levied a tax equal to three (.03) cents per \$100 of total Township equalized real property valuation. The intention of the municipality is to use this funding to offset the debt issued to acquire open space property in the Township. The funds are being held in the Open Space Fund Reserve on the Other Trust Funds balance sheet. The balance in the Open Space reserve at December 31, 2014 is \$11,147.62 and at December 31, 2013 was \$7,210.10.

Note 15: Fixed Assets (Unaudited for 2014)

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014 Unaudited
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	4,154,394			4,154,394
	<u>\$ 8,560,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,560,994</u>
	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	4,213,467	\$ 271,631	\$ (330,704)	4,154,394
	<u>\$ 8,620,067</u>	<u>\$ 271,631</u>	<u>\$ (330,704)</u>	<u>\$ 8,560,994</u>

TOWNSHIP OF LOPATCONG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014

(Continued)

Note 16: Contingent Liability

Council on Affordable Housing

In 2012, the Township received notification from the State of New Jersey that it had been exceeding the allowable twenty percent of administrative expenditures in the Council on Affordable Housing ("COAH") Trust account from fiscal 2007 through June 17, 2012. Upon investigation it was noted that there was \$252,160.99 expended in excess of the allowable twenty percent. In lieu of repayment of those funds to COAH, there was a proposal to utilize Township owned properties to satisfy the administrative overage. The status of this proposal is currently unknown. The Township may be required to re-pay the \$252,160.99, if the proposal is ultimately not accepted.

Tax Appeal Settlement

In 2014, there was one tax appeal which was entered in the amount of \$105,811.29. There were also other developments that are under appeal for tax years 2010-2014. It is expected that for some properties, the Court may grant reductions to the property owners, however the reassessment of 2012 significantly reduced property values and therefore it is possible there could be no reduction or even an increase available for those years.

TOWNSHIP OF LOPATCONG

SUPPLEMENTARY DATA

TOWNSHIP OF LOPATCONG  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2014

Name	Title	Amount of Bond	Name of Corporate Surety
Douglas Steinhardt	Mayor		
Lori Ciesla	Council President		
Maureen McCabe	Councilwoman		
Lou Belcaro	Councilman		
Donna Schneider	Councilwoman		
Margaret B. Dilts	Municipal Clerk/Administrator/Planning Board Secretary/ Registrar of Vital Statistics, Qualified Purchasing Agent	\$1,000,000.00	* Statewide Insurance Fund
Mary Dobes	Chief Financial Officer/Treasurer	1,000,000.00	* Statewide Insurance Fund
Phyllis Coleman	Deputy Municipal Clerk/Deputy Registrar	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Tax Collector	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Sewer Rent Collector	1,000,000.00	* Statewide Insurance Fund
Kathy Degan	Tax Assessor	1,000,000.00	* Statewide Insurance Fund
Paul M. Sterbenz	Engineer		
John Fritts	Building Inspector	1,000,000.00	* Statewide Insurance Fund
Gary Woolf	Emergency Management Coordinator	1,000,000.00	* Statewide Insurance Fund
Wayne Degan	Zoning Officer	1,000,000.00	* Statewide Insurance Fund
Kevin Maguire	Fire Official	1,000,000.00	* Statewide Insurance Fund
Katrina L Campbell	Municipal Attorney		
Gary & Betty Wysocki	Animal Control Officers	1,000,000.00	* Statewide Insurance Fund
Bruce A. Jones	Magistrate	1,000,000.00	* Statewide Insurance Fund
Irene Brownell	Court Administrator/Violations Clerk	1,000,000.00	* Statewide Insurance Fund
Christopher M. Troxell	Municipal Prosecutor		

All bonds were examined and were properly executed.

\* A Public Employee Faithful Performance Blanket Position Bond is in force for \$1,000,000 with Statewide Insurance Fund. This bond covers all employees.

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
CURRENT FUND

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 2,236,119.03
Increased by Receipts:		
Current Year Taxes	\$ 22,812,158.17	
Delinquent Taxes	545,871.90	
Tax Title Liens Redeemed	11,149.69	
Prepaid Taxes	75,227.52	
Interest and Costs on Taxes	102,791.82	
Revenue Accounts Receivable	1,880,692.64	
Miscellaneous Revenue Not Anticipated	51,347.84	
Appropriation Refunds	145,728.64	
Third Party Liens	143,889.74	
Tax Sale Premiums	121,800.00	
Tax Overpayments	53,734.86	
Due to Federal and State Grant Fund:		
Interfund Returned	33,000.00	
Unappropriated Reserves	17,068.67	
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	99,118.49	
Due State of New Jersey - Marriage License Fees	1,100.00	
Due State of New Jersey - Construction Code Fees	7,306.00	
Due General Capital Fund:		
Interfund Returned	93,364.69	
Bond Sale Premium	271.00	
DOT Grant Received	170,228.25	
Bond Anticipation Note	1,085,000.00	
Due from Other Trust Fund:		
Interfund Returned	1,499.75	
Due from Payroll Fund:		
Interfund Returned	147.98	
	27,452,497.65	29,688,616.68
Decreased by Disbursements:		
2014 Appropriation Expenditures	6,243,073.98	
2013 Appropriation Reserve Expenditures	49,868.02	
Serial Bond Payable - Open Space Portion	256,000.00	
Local School District Taxes	12,866,072.00	
County Taxes	6,453,291.39	
Third Party Liens Redeemed	159,815.00	
Tax Sale Premium Returned	73,240.00	
Tax Overpayments Refunded	47,374.88	
Due to State of New Jersey:		
Marriage License Fees	550.00	
Construction Code Fees	7,306.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	8,342.25	
Due Other Trust Fund - Tax Sale Premium:		
Prior Year Interfund Returned	73,749.00	
Due General Capital Fund:		
Improvement Authorizations	1,085,000.00	
Due Sewer Operating Fund:		
Prior Year Interfund Returned	300,000.00	
Due Sewer Capital:		
Prior Year Interfund Returned	150,000.00	
	27,773,682.52	27,773,682.52
Balance December 31, 2014	A	\$ 1,914,934.16

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>		
Balance December 31, 2013	A		\$ 42,259.81
Increased by Receipts:			
Federal and State Grant Receipts		\$ 78,328.49	
Due Current Fund:			
Interest on Investments		72.66	
		<hr/>	<hr/>
			78,401.15
			120,660.96
Decreased by:			
Federal and State Grant Expenditures		22,446.60	
Due Current Fund:			
Interfund Returned		33,000.00	
		<hr/>	<hr/>
			55,446.60
Balance December 31, 2014	A		<u>\$ 65,214.36</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Year	Balance	2014 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013			2013	2014				Dec. 31, 2014
2012	\$ 250.00				\$ 250.00				
2013	549,771.72		\$ 253.06		545,621.90	\$ (780.14)			\$ 5,183.02
	550,021.72		253.06		545,871.90	(780.14)			5,183.02
2014		\$ 24,376,494.91		\$ 120,305.42	22,812,158.17	100,411.65	\$ 459,312.21	\$ 19,236.06	865,071.40
	\$ 550,021.72	\$ 24,376,494.91	\$ 253.06	\$ 120,305.42	\$ 23,358,030.07	\$ 99,631.51	\$ 459,312.21	\$ 19,236.06	\$ 870,254.42
Ref.	A								A

Analysis of 2014 Property Tax Levy

General Purpose Tax	\$ 23,902,807.38
Added Taxes (54:4-63.1 et seq.)	473,687.53
	<u>\$ 24,376,494.91</u>
Tax Levy:	
Local School District Taxes	\$ 13,086,852.00
County Taxes:	
County Taxes	\$ 6,402,108.43
Due County for Added and Omitted Taxes	128,255.23
Municipal Open Space Tax	259,813.00
	<u>6,790,176.66</u>
	19,877,028.66
Local Tax for Municipal Purposes Only	4,151,546.88
Add: Additional Tax Levied	347,919.37
	<u>4,499,466.25</u>
	<u>\$ 24,376,494.91</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 139,785.18
Increased by:		
Transferred From Taxes Receivable - 2014		19,236.06
		<u>159,021.24</u>
Decreased by:		
Tax Title Liens Redeemed		11,149.69
		<u>11,149.69</u>
Balance December 31, 2014	A	<u>\$ 147,871.55</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Accrued</u> <u>in 2014</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Clerk:				
ABC Licenses		\$ 8,000.00	\$ 8,000.00	
Parks and Playgrounds		138,329.82	138,329.82	
Municipal Court:				
Fines and Costs	\$ 1,993.71	38,916.97	38,753.92	\$ 2,156.76
Fees and Permits		18,041.07	18,041.07	
Interest on Investments and Deposits		4,345.80	4,345.80	
Anticipated Utility Operating Surplus		250,000.00	250,000.00	
Energy Receipts Taxes		948,271.00	948,271.00	
Uniform Construction Code Fees		101,891.00	101,891.00	
Municipal Court - Harmony Agreement		40,000.00	40,000.00	
Sale of SRECS		17,533.00	17,533.00	
Uniform Fire Safety Act		34,640.33	34,640.33	
Payment in Lieu of Taxes		49,113.70	49,113.70	
Cable TV Franchise Fee		31,773.00	31,773.00	
Utility Operating Surplus Prior Year		200,000.00	200,000.00	
	<u>\$ 1,993.71</u>	<u>\$ 1,880,855.69</u>	<u>\$ 1,880,692.64</u>	<u>\$ 2,156.76</u>

Ref.

A

A

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF 2013 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Administrative and Executive:				
Postage	\$ 1,214.69	\$ 1,214.69		\$ 1,214.69
Computer Service	870.15	870.15		870.15
Code Book Update	500.00	500.00		500.00
Human Resource Education	6.16	106.16	\$ 55.18	50.98
Mayor and Council:				
Salaries and Wages	0.88	0.88		0.88
Municipal Clerk:				
Other Expenses	233.07	233.07	183.07	50.00
Financial Administration (Treasury):				
Salaries and Wages	46.76	46.76		46.76
Other Expenses	1,514.45	14.45		14.45
Assessment of Taxes:				
Salaries and Wages	19.12	19.12		19.12
Other Expenses	610.20	610.20		610.20
Legal Services:				
Other Expenses	3,098.93	98.93		98.93
Engineering Services and Costs:				
Other Expenses	6,625.00	2,775.00	2,775.00	
Public Buildings and Grounds:				
Salaries and Wages	30.64	30.64		30.64
Other Expenses	2,492.35	2,492.35	1,526.64	965.71
Garbage and Trash Removal:				
Other Expenses	308.42	308.42		308.42
Planning Board:				
Salaries and Wages	35.32	35.32		35.32
Planner	86.00	86.00		86.00
Other Expenses	1,436.75	936.75	778.49	158.26
Building Sub Code Official:				
Salaries and Wages	85.86	85.86		85.86
Other Expenses	566.37	566.37		566.37

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF 2013 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Shade Tree Commission:				
Other Expenses	\$ 500.00	\$ 500.00		\$ 500.00
Fire:				
Fire Companies	5,389.56	5,489.56	\$ 2,450.00	3,039.56
Police:				
Other Expenses	14,174.61	10,674.61	10,515.76	158.85
First Aid Organization:				
Other Expenses	1,910.58	1,910.58	690.54	1,220.04
Emergency Management Services:				
Salary and Wages	10.89	10.89		10.89
Other Expenses	250.00	150.00		150.00
Road Repairs and Maintenance:				
Other Expenses	1,816.58	20,666.58	20,206.57	460.01
Recreation and Education:				
Salaries and Wages	1.56	1.56		1.56
Electricity	4,588.52	88.52		88.52
Gasoline	2,052.13	52.13		52.13
Fire Hydrant Service	20.89	20.89		20.89
Water	57.90	57.90		57.90
Contingent	219.00	219.00	74.55	144.45
Statutory Expenditures:				
Social Security System (O.A.S.I.)	975.30	875.30	875.30	
Unemployment Compensation	2,302.42	9,302.42	9,300.00	2.42
Insurance:				
Workmen's Compensation	344.25	344.25		344.25
Employee Group Health	7,619.00	619.00	436.92	182.08
Health Benefit Waiver	220.00	220.00		220.00
	<u>\$ 62,234.31</u>	<u>\$ 62,234.31</u>	<u>\$ 49,868.02</u>	<u>\$ 12,366.29</u>

Analysis of Balance at December 31, 2013:

	<u>Ref.</u>	
Unencumbered	A	\$ 41,330.00
Encumbered	A	20,904.31
		<u>\$ 62,234.31</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2013		
Local School District Tax Deferred		\$ 6,258,572.00
Local School District Tax Payable	A	1,154,665.30
		7,413,237.30
Increased by:		
Levy - School Year July 1, 2014 through June 30, 2015		13,086,852.00
		20,500,089.30
Decreased by:		
Payments to Local School District		12,866,072.00
		\$ 7,634,017.30
Balance December 31, 2014		
Local School District Tax Payable	A	1,090,591.30
Local School District Tax Deferred		6,543,426.00
		\$ 7,634,017.30
 <u>Analysis of Increase - Deferred School Tax:</u>		
Balance December 31, 2014		\$ 6,543,426.00
Balance December 31, 2013		6,258,572.00
Net Increase Credited to Operations		\$ 284,854.00

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

	Balance Dec. 31, 2013	Budget Revenue Realized	Transfer From Unappropriated Reserves	Cancelled	Balance Dec. 31, 2014
Municipal Alliance:					
2003	\$ 2,455.28				\$ 2,455.28
2004	378.96				378.96
Domestic Violence Training Program - 2003	2,082.06				2,082.06
Body Armor Grant		\$ 3,779.66	\$ 3,779.66		
Recycling Tonnage Grant:					
2007	321.91				321.91
2014		4,267.39	4,267.39		
Stormwater Management Grant:					
2007	2,117.00				2,117.00
Fire Company Grant	3,590.00				3,590.00
U Drink, U Drive, U Lose Grant:					
2006	1,087.12				1,087.12
2007	2,913.00				2,913.00
New Jersey Department of Transportation Grant	40,000.00				40,000.00
Safe and Secure Communities Program:					
2008	30,770.00				30,770.00
2009	22,025.00				22,025.00
2010	1,821.00				1,821.00
2014		83,132.00	83,132.00		
South First Street Developers Share	12,325.00			\$ 12,325.00	
Community Forestry Grant	119.00				119.00
Assistance to Firefighters Grant	28,342.00				28,342.00
Regional Master Plan Highlands Grant:					
2010	17,933.50				17,933.50
2014		8,342.25	8,342.25		
Police Donations Grant		100.00	100.00		
Obey the Signs or Pay the Fines Grant	175.00				175.00
NJBPU Clean Energy Program	36,235.50				36,235.50
Clean Communities Grant		16,568.51	16,568.51		
	<u>\$ 204,691.33</u>	<u>\$ 116,189.81</u>	<u>\$ 116,189.81</u>	<u>\$ 12,325.00</u>	<u>\$ 192,366.33</u>

Ref.

A

A

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

	Balance Dec. 31, 2013	Transferred from 2014 Budget	Cash Disbursed	Unexpended Balance Cancelled	Balance Dec. 31, 2014
Recycling Tonnage Grant: 2014		\$ 4,267.39			\$ 4,267.39
New Jersey Transportation Trust Fund: 2012	\$ 1,635.53				1,635.53
Pothole Repair Program - 1996	0.84				0.84
Environmental Services Grant - 1999	61.57				61.57
Geographic Information Systems Grant - 2001	2,500.00				2,500.00
Federal Recreation Trails Program - 2001	326.67				326.67
State Forestry Grant	484.41				484.41
South First Street Developers Share	3,311.76		\$ 1,125.00		2,186.76
Clean Communities Program:					
2011	8,343.22				8,343.22
2012	5,176.10				5,176.10
2013	9,940.88				9,940.88
2014		16,568.51	12,616.80		3,951.71
Donations for Shade Trees - 2002	267.50				267.50
Emergency Planning Grant - 2004	134.56				134.56
NJ Motor Vehicle Fines	653.00				653.00
Safe & Secure Communities Program:					
2009	5,931.05				5,931.05
2010	1,821.00				1,821.00
2014		83,132.00			83,132.00
Obey the Signs or Pay the Fines	175.00				175.00
Donations for Police Department	400.00				400.00
Donations for Police Equipment	1,561.90	100.00			1,661.90
Donations for Announcers Booth	561.59				561.59
Hepatitis B Inoculation	1,140.00				1,140.00
Assistance to Firefighters Grant	11.03				11.03
Assistance to Firefighters Grant - Local Match	211.92				211.92
Wastewater Management Grant	9,389.65		5,846.25		3,543.40
Reserve for DOT Local Aid Grant	7,660.00				7,660.00
Drunk Driving Enforcement Fund	8,863.97				8,863.97
Reserve for Body Armor Grant	13,651.97			\$ 12,325.00	1,326.97
Drive Sober or Get Pulled Over	3,586.20				3,586.20
Body Armor Grant:					
2013	1,725.49				1,725.49
2014		3,779.66	2,858.55		921.11
Warren County DARE Officers Assoc	242.08				242.08
Regional Master Plan Highlands Grant		8,342.25	8,342.25		
	<u>\$ 89,768.89</u>	<u>\$ 116,189.81</u>	<u>\$ 30,788.85</u>	<u>\$ 12,325.00</u>	<u>\$ 162,844.85</u>

Ref.

A		
Disbursed in Federal and State Grant Fund	\$ 22,446.60	
Disbursed in Current Fund	8,342.25	
	<u>\$ 30,788.85</u>	

A

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

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Transfer to</u> <u>2014 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Clean Communities Grant	\$ 20.94	\$ 16,547.57	\$ 16,568.51	
Body Armor Grant	2,098.74	1,680.92	3,779.66	
Recycling Tonnage Grant	4,267.39	8,726.42	4,267.39	\$ 8,726.42
Regional Master Plan Highlands Grant		8,342.25	8,342.25	
Police Donations Grant		100.00	100.00	
Safe and Secure Communities Grant	<u>23,132.00</u>	<u>60,000.00</u>	<u>83,132.00</u>	
	<u>\$ 29,519.07</u>	<u>\$ 95,397.16</u>	<u>\$ 116,189.81</u>	<u>\$ 8,726.42</u>
<u>Ref.</u>	A			A
Received in Current Fund		\$ 17,068.67		
Received in Federal and State Grant Fund		<u>78,328.49</u>		
		<u>\$ 95,397.16</u>		

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
TRUST FUNDS

TOWNSHIP OF LOPATCONG  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2013	B                    \$    192.88	\$    3,137.20	\$ 1,073,260.03
Increased by Receipts:			
Municipal Licensing Fees	\$ 11,159.00		
Due to State Board of Health	1,665.00		
Interest on Investments	7.91	\$        8.45	
Prepaid Dog Licenses	544.00		
Interest Due Current Fund:			
Interest on Investments			\$        239.23
Subdivision Receipts			584,760.45
Public Defender			1,300.00
COAH Trust:			
Other Receipts			21,725.33
Interest Earned			311.01
Recreation Trust			122,802.23
Outside Employment of Police Officers:			
Other Receipts			17,694.90
Open Space Trust:			
Interest Earned			124.52
Parking Offenses Adjudication Act			2.00
Community Hope:			
Interest Earned			91.51
Township Contribution		9,300.00	
Tax Sale Premiums			
Prior Year Interfund Returned			73,749.00
	<u>13,375.91</u>	<u>9,308.45</u>	<u>822,800.18</u>
	13,568.79	12,445.65	1,896,060.21

TOWNSHIP OF LOPATCONG  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Expenditures under R.S. 4:19 - 15.11	\$ 8,712.82		
Due to State Board of Health	1,670.40		
Developer's Escrow Subdivision Disbursements			\$ 259,383.43
Dentention Basin			2,906.94
Public Defender			1,600.00
Recreation Trust			134,211.12
Unemployment Compensation Insurance		\$ 10,614.27	
COAH Trust:			
Disbursements			465.00
Outside Employment of Police Officers			17,276.12
Due Current Fund:			
Other Trust Fund			1,499.75
	<u>\$ 10,383.22</u>	<u>\$ 10,614.27</u>	<u>\$ 417,342.36</u>
Balance December 31, 2014	B <u>\$ 3,185.57</u>	<u>\$ 1,831.38</u>	<u>\$ 1,478,717.85</u>

TOWNSHIP OF LOPATCONG  
OTHER TRUST FUNDS  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

	<u>Ref.</u>		
Balance December 31, 2013	B		\$ 3,137.20
Increased by Receipts:			
Township Contribution		\$ 9,300.00	
Interest Earned		8.45	
Due from State of New Jersey		<u>972.49</u>	
			<u>10,280.94</u>
			13,418.14
Decreased by:			
Expenditures			<u>10,614.27</u>
Balance December 31, 2014	B		<u><u>\$ 2,803.87</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 187.48
Increased by:		
2014 Animal Control License Fees Collected		\$ 11,159.00
Interest Earned		<u>7.91</u>
		<u>11,166.91</u>
		11,354.39
Decreased by:		
Expenditures under R.S.4:19-15.11:		
Cash Disbursements		<u>8,712.82</u>
Balance December 31, 2014	B	<u><u>\$ 2,641.57</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 10,605.00
2013	<u>11,535.00</u>
Maximum Allowable Reserve	<u><u>\$ 22,140.00</u></u>

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 48,111.19
Increased by Receipts:		
Bond Anticipation Note Issued		\$ 1,393,100.00
Current Fund Budget Appropriations:		
Bond Anticipation Note		36,000.00
Capital Improvement Fund		250,000.00
Reserve for South Third Street Improvements		110,000.00
Due Current Fund:		
Interest Earned		181.12
		<hr/>
		1,789,281.12
		<hr/>
		1,837,392.31
Decreased by Disbursements:		
Bond Anticipation Note Matured		1,025,350.00
Improvement Authorization Expenditures		632,368.26
Due Current Fund:		
Interfund Returned		93,364.69
		<hr/>
		1,751,082.95
		<hr/>
Balance December 31, 2014	C	<u>\$ 86,309.36</u>

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2013	Receipts			Disbursements			Balance/ (Deficit) Dec. 31, 2014		
		Bond Anticipation Note	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	Transfers			
							From		To	
Fund Balance	\$ 12,088.88						\$ 271.00	\$ 12,359.88		
Capital Improvement Fund	3,057.40		\$ 250,000.00			\$ 247,638.91	13,005.75	18,424.24		
Due Current Fund	93,289.04		181.12			\$ 93,364.69	1,255,499.25	(170,393.78)		
New Jersey Department of Transportation Grant Receivable	(120,000.00)						265,000.00	170,228.25	(214,771.75)	
Reserve for:										
Encumbrances							89,130.73	89,130.73		
To Pay Debt Service	47,170.12							47,170.12		
South Third Street Improvements			110,000.00				40,000.00	70,000.00		
<u>Ordinance</u>										
<u>Number</u>	<u>Improvement Description</u>									
2004-07	Various Park Improvements		(500.00)					(500.00)		
2007-09	Municipal Building Renovations		2,828.04				2,828.04			
2010-01	Installation of Solar Panels and Equipment	\$ 989,350.00	36,000.00		\$ 1,025,350.00					
2012-09	Acquisition of DPW Equipment, Fire House Equipment and Crosswalk Project		6,737.64				6,737.64			
2012-13	Acquisition of Park and Playground Equipment		2,686.41				2,686.41			
2013-10	Replacement of Roof on Strykers Fire House		753.66				753.66			
2014-04	Payment of Amounts Owing to Others for Taxes Levied						1,085,000.00	1,085,000.00		
2014-06	Acquisition of Court and/or Meeting Room Equipment			\$ 14,793.00				15,000.00	207.00	
2014-07	Purchase of Various Equipment for the Department of Public Works, Fire Department and Drainage Improvements to Reservoir Road			41,080.00			89,130.73	185,000.00	54,789.27	
2014-09	Purchase of Various Equipment for the Fire Department			26,295.11				26,388.91	93.80	
2014-11	Acquisition of Fire Truck	403,750.00		419,590.44				21,250.00	5,409.56	
2014-12	South Third Street Improvements			130,609.71				305,000.00	174,390.29	
		<u>\$ 48,111.19</u>	<u>\$ 1,393,100.00</u>	<u>\$ 396,181.12</u>	<u>\$ 632,368.26</u>	<u>\$ 1,025,350.00</u>	<u>\$ 93,364.69</u>	<u>\$ 2,995,274.64</u>	<u>\$ 2,995,274.64</u>	<u>\$ 86,309.36</u>

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

Ord. Date	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Paid by Budget Appropriation	Balance Dec. 31, 2014	Analysis of Balance Dec. 31, 2014		
						Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
07/07/04	Various Park Improvements	\$ 500.00			\$ 500.00	\$ 500.00		
03/03/10	Installation of Solar Panels and Related Equipment	1,025,350.00		\$ 36,000.00	989,350.00		\$ 989,350.00	
06/11/14	Payment of Amounts Owing to Others for Taxes Levied		\$ 1,085,000.00		1,085,000.00		1,085,000.00	
11/19/14	Acquisition of Fire Truck		403,750.00		403,750.00		403,750.00	
		<u>\$ 1,025,850.00</u>	<u>\$ 1,488,750.00</u>	<u>\$ 36,000.00</u>	<u>\$ 2,478,600.00</u>	<u>\$ 500.00</u>	<u>\$ 2,478,100.00</u>	<u>\$ -</u>

Ref.

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C

Improvement Authorizations - Unfunded	\$ 5,409.56
Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ordinance Dated 11/19/14	5,409.56
	<u>\$ -</u>

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Number	Amount	Balance December 31, 2013 Funded	2014 Authorizations				Paid or Charged	Ordinances Cancelled	Balance December 31, 2014	
				Capital Improvement Fund	Reserve for South Third Street Improvements	Deferred Charges to Future Taxation Unfunded	NJ Department of Transportation Grants			Funded	Unfunded
Renovations to the Municipal Building	2007-09	\$ 315,789.29	\$ 2,828.04						\$ 2,828.04		
Acquisition of DPW Equipment, Fire House Equipment and Crosswalk Project	2012-09	150,000.00	6,737.64						6,737.64		
Acquisition of Park and Playground Equipment	2012-13	9,186.41	2,686.41						2,686.41		
Replacement of Roof on Strykers Fire House	2013-10	7,500.00	753.66						753.66		
Payment of Amounts Owing to Others for Taxes Levied	2014-04	1,085,000.00				\$ 1,085,000.00		\$ 1,085,000.00			
Acquisition of Court and/or Meeting Room Equipment	2014-06	15,000.00		\$ 15,000.00				14,793.00		\$ 207.00	
Purchase of Various Equipment for the Department of Public Works, Fire Department and Drainage Improvements to Reservoir Road	2014-07	185,000.00		185,000.00				130,210.73		54,789.27	
Purchase of Various Equipment for the Fire Department	2014-09	26,388.91		26,388.91				26,295.11		93.80	
Acquisition of Fire Truck	2014-11	425,000.00		21,250.00		403,750.00		419,590.44			\$ 5,409.56
South Third Street Improvements	2014-12	305,000.00			\$ 40,000.00		\$ 265,000.00	130,609.71		174,390.29	
			<u>\$ 13,005.75</u>	<u>\$ 247,638.91</u>	<u>\$ 40,000.00</u>	<u>\$ 1,488,750.00</u>	<u>\$ 265,000.00</u>	<u>\$ 1,806,498.99</u>	<u>\$ 13,005.75</u>	<u>\$ 229,480.36</u>	<u>\$ 5,409.56</u>
<u>Ref.</u>			C							C	C
						Cash Disbursed - General Capital Fund	\$ 632,368.26				
						Cash Disbursed - Current Fund	1,085,000.00				
						Encumbrances	89,130.73				
							<u>\$ 1,806,498.99</u>				
						Cancelled to Capital Improvement Fund	\$ 13,005.75				

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 3,057.40
Increased By:		
Budget Appropriation		\$ 250,000.00
Improvement Authorizations Cancelled		<u>13,005.75</u>
		<u>263,005.75</u>
		266,063.15
Decreased By:		
Appropriation to Finance:		
Improvement Authorizations		<u>247,638.91</u>
Balance December 31, 2014	C	<u><u>\$ 18,424.24</u></u>

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. Date	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
		Original Issue	Issue	Maturity					
03/03/10	Installation of Solar Panels and Related Equipment	4/14/2010 4/14/2010	4/9/2013 4/7/2014	4/8/2014 4/6/2015	2.00% 0.71%	\$ 1,025,350.00	\$ 989,350.00	\$ 1,025,350.00	\$ 989,350.00
06/11/14	Payment of Amounts Owing to Others for Taxes Levied	7/31/2014	7/31/2014	4/6/2015	0.83%		1,085,000.00		1,085,000.00
11/19/14	Acquisition of Fire Truck	12/17/2014	12/17/2014	12/15/2015	1.25%		403,750.00		403,750.00
						<u>\$ 1,025,350.00</u>	<u>\$ 2,478,100.00</u>	<u>\$ 1,025,350.00</u>	<u>\$ 2,478,100.00</u>
					<u>Ref.</u>				
						C			C
						Paid by Budget Appropriation		\$ 36,000.00	
						New Issues	\$ 1,488,750.00		
						Renewals	989,350.00	989,350.00	
							<u>\$ 2,478,100.00</u>	<u>\$ 1,025,350.00</u>	
						Received in General Capital Fund	\$ 1,393,100.00		
						Received in Current Fund	1,085,000.00		
							<u>\$ 2,478,100.00</u>		

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2013	Matured	Balance December 31, 2014
			Outstanding Date	December 31, 2014 Amount				
Series 2007 - General Improvements Bonds	9/1/2007	\$ 7,787,000.00	9/1/2015	\$ 345,000.00	3.750%	\$ 6,047,000.00	\$ 325,000.00	\$ 5,722,000.00
			9/1/2016	360,000.00	4.000%			
			9/1/2017	375,000.00	4.000%			
			9/1/2018	385,000.00	4.000%			
			9/1/2019	410,000.00	4.000%			
			9/1/2020	425,000.00	4.000%			
			9/1/2021	445,000.00	4.000%			
			9/1/2022	460,000.00	4.000%			
			9/1/2023	470,000.00	4.000%			
			9/1/2024	495,000.00	4.000%			
			9/1/2025	515,000.00	4.000%			
			9/1/2026	520,000.00	4.000%			
			9/1/2027	517,000.00	4.000%			
						<u>\$ 6,047,000.00</u>	<u>\$ 325,000.00</u>	<u>\$ 5,722,000.00</u>
					<u>Ref.</u>	C		C

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, 2013	2014 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2014
2004-07	Various Park Improvements	\$ 500.00			\$ 500.00
2014-04	Payment of Amounts Owing to Other for Taxes Levied		\$ 1,085,000.00	\$ 1,085,000.00	
2014-11	Acquisition of Fire Truck		403,750.00	403,750.00	
		<u>\$ 500.00</u>	<u>\$ 1,488,750.00</u>	<u>\$ 1,488,750.00</u>	<u>\$ 500.00</u>

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2014  
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Assessment Trust Fund</u>	<u>Capital Fund</u>
Balance December 31, 2013	E	\$ 156,789.73	\$ 71.90	\$ 3,117,930.95
Increased by Receipts:				
Consumer Accounts Receivable		\$ 1,795,600.88		
Sewer Rent Overpayments		9,206.09		
Sewer Hook-up Fees		49,000.00		
Interest and Costs on Rents		15,334.08		
Capital Improvement Fund				\$ 200,000.00
Bond Anticipation Note:				
Proceeds				3,000,000.00
Premium				6,450.00
Due from Current Fund:				
Prior Year Interfund Returned		300,000.00		150,000.00
Due from Sewer Utility Operating Fund:				
Interfund Advanced				104.17
Due from Sewer Utility Capital Fund:				
Interfund Returned		1,295,020.33		
Due from Sewer Utility Assessment Fund:				
Prior Year Interfund Returned		31.01		
Miscellaneous Revenue		328.99		
Interest on Investments		689.86	\$ 5.34	4,548.36
		<u>3,465,211.24</u>	<u>5.34</u>	<u>3,361,102.53</u>
		3,622,000.97	77.24	6,479,033.48
Decreased by Disbursements:				
2014 Appropriation Expenditures		1,677,092.46		
Bond Anticipation Note Maturity				3,000,000.00
Interest on Notes		37,395.83		
Due Sewer Utility Capital Fund:				
Improvement Authorizations		1,339,575.31		
Due Current Fund:				
Anticipated Revenue		200,000.00		
Due Sewer Utility Operating Fund:				
Interfund Advanced		104.17		1,295,020.33
Interest Due Sewer Utility Operating Fund			31.01	
		<u>3,254,167.77</u>	<u>31.01</u>	<u>4,295,020.33</u>
Balance December 31, 2014	E	<u>\$ 367,833.20</u>	<u>\$ 46.23</u>	<u>\$ 2,184,013.15</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance (Deficit) Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2014	
		Bond Anticipation Note Proceeds	Miscel- laneous	Bond Anticipation Note Maturity	Miscellaneous	From	To		
Fund Balance	\$ 16,878.69		\$ 6,450.00					\$ 23,328.69	
Due Current Fund	(150,000.00)		150,000.00						
Due Sewer Utility Operating Fund	54,628.03		4,652.53		\$1,295,020.33		\$1,339,575.31	103,835.54	
Capital Improvement Fund	233,117.22		200,000.00					433,117.22	
<u>Date of</u>									
<u>Ord.</u>	<u>General Improvements</u>								
03/13/00	Replacement for Baltimore Street Pumping Station		(39,456.30)					(39,456.30)	
12/03/08	Purchase of Street Sweeper		12,247.72					12,247.72	
08/05/09	Improvements to Sanitary Sewerage System	2,990,515.59	\$ 3,000,000.00	\$ 3,000,000.00		\$1,339,575.31		1,650,940.28	
		<u>\$3,117,930.95</u>	<u>\$ 3,000,000.00</u>	<u>\$ 361,102.53</u>	<u>\$ 3,000,000.00</u>	<u>\$1,295,020.33</u>	<u>\$1,339,575.31</u>	<u>\$1,339,575.31</u>	<u>\$2,184,013.15</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 157,624.37
Increased by:		
Sewer Rents Levied		<u>1,819,658.80</u>
		1,977,283.17
Decreased by:		
Sewer Collections		<u>1,795,600.88</u>
Balance December 31, 2014	E	<u><u>\$ 181,682.29</u></u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF HOOK-UP FEES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 2,000.00
Increased by:		
Hook up Fees Levied		47,000.00
		<hr/> 49,000.00
Decreased by:		
Collections		49,000.00
		<hr/> 49,000.00
Balance December 31, 2014	E	<u>\$ -0-</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2013	Balance Dec. 31, 2014
Construction of Sewerage System	\$ 1,000,000.00	\$ 1,000,000.00
Improvements to Sanitary Sewerage System	1,773,846.00	1,773,846.00
Morris Heights Sewer Line Extension	400,000.00	400,000.00
Delaware Park Trunk Line Extension	100,000.00	100,000.00
Baltimore Street Pump Station Repairs	40,687.08	40,687.08
Park Avenue and Fourth Street Sanitary Sewer Rehabilitation Project	11,637.60	11,637.60
Replacement of Baltimore Street Pumping Station	109,456.30	109,456.30
Improvements to Sanitary Sewerage System	15,000.00	15,000.00
Extension of the Sanitary Sewer Line to Morris Heights	400,000.00	400,000.00
I & I Rehabilitation Study	50,000.00	50,000.00
	<u>\$ 3,900,626.98</u>	<u>\$ 3,900,626.98</u>
<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2014</u>
Purchase of Street Sweeper	12/29/08	\$ 165,000.00	\$ 165,000.00	\$ 165,000.00
Improvements to Sanitary Sewerage System	08/05/09	3,430,000.00	3,430,000.00	3,430,000.00
			<u>\$ 3,595,000.00</u>	<u>\$ 3,595,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2013 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Balance</u> <u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 4,311.58	\$ 4,311.58	\$ 4,311.58
Deferred Charges and Statutory Expenditures:			
Statutory Expenditures:			
Contribution to:			
Social Security System	329.87	329.87	329.87
	<u>\$ 4,641.45</u>	<u>\$ 4,641.45</u>	<u>\$ 4,641.45</u>

Analysis of Balance December 31, 2013

	<u>Ref.</u>	
Unencumbered	E	\$ 4,641.45
		<u>\$ 4,641.45</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance		Balance Dec. 31, 2013		Paid or Charged	Balance Dec. 31, 2014	
		Number	Amount	Funded	Unfunded		Funded	Unfunded
Purchase of Street Sweeper	12/29/2008	2008-23	\$ 165,000.00	\$ 12,247.72			\$ 12,247.72	
Improvements to Sanitary Sewerage System	08/05/2009	2009-11	3,430,000.00		\$ 3,255,515.59	\$ 1,339,575.31		\$ 1,915,940.28
				<u>\$ 12,247.72</u>	<u>\$ 3,255,515.59</u>	<u>\$ 1,339,575.31</u>	<u>\$ 12,247.72</u>	<u>\$ 1,915,940.28</u>
			<u>Ref.</u>	E	E		E	E
						Disbursed in Sewer Utility Operating Fund	<u>\$ 1,339,575.31</u>	
							<u>\$ 1,339,575.31</u>	

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 233,117.22
Increased by:		
Budget Appropriation		<u>200,000.00</u>
Balance December 31, 2014	E	<u>\$ 433,117.22</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2013	Balance Dec. 31, 2014
2008-23	Purchase of Street Sweeper	12/29/2008	\$ 165,000.00	\$ 165,000.00
2009-11	Improvements to Sanitary Sewerage System	08/05/2009	165,000.00	165,000.00
			<u>\$ 330,000.00</u>	<u>\$ 330,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance	Issued	Matured	Balance
		Issue	Maturity		Dec. 31, 2013			Dec. 31, 2014
Improvements to Sanitary Sewerage System	7/25/12	7/23/2013	7/22/2014	1.25%	\$ 3,000,000.00		\$ 3,000,000.00	
	7/25/12	7/16/2014	1/29/2015	1.00%		\$ 3,000,000.00		\$ 3,000,000.00
					<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>
				<u>Ref.</u>	E			E
					Renewals	\$ 3,000,000.00	\$ 3,000,000.00	
						<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>	

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE  
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2014</u>
03/13/00	Replacement of Baltimore Street Pumping Station	\$ 39,456.30	\$ 39,456.30
08/05/09	Improvements to the Sanitary Sewer System	<u>265,000.00</u>	<u>265,000.00</u>
		<u>\$ 304,456.30</u>	<u>\$ 304,456.30</u>

TOWNSHIP OF LOPATCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF LOPATCONG  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014

Name of Federal Agency or Department Pass Through Department/Cluster Title	Name of Program	C.F.D.A. Account Number	Pass Through Entity ID/Grant #	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
					From	To			
U.S. Environmental Protection Agency: (Pass Through New Jersey Department of Environmental Protection)	Municipal Stormwater Regulation Grant	66.454	4801-100-042-4801 44-VB78-6110	\$ 9,389.65	1/1/2010	12/31/2015		\$ 5,846.25	\$ 5,846.25
Total U.S. Environmental Protection Agency								5,846.25	5,846.25
U.S. Department of Transportation (Passed Through New Jersey Department of Transportation)	NJ Department of Transportation Trust Fund Authority Act -South Third Street Improvement Project	20.205	14-480-0780-6320-ALM	265,000.00	1/31/2014	12/31/2015	\$ 170,228.25	130,609.71	130,609.71
Total Department of Transportation							170,228.25	130,609.71	130,609.71
Total Federal Awards							\$ 170,228.25	\$ 136,455.96	\$ 136,455.96

N/A - Not Available

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

TOWNSHIP OF LOPATCONG  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 YEAR ENDED DECEMBER 31, 2014

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-V42Y-6020	\$ 16,568.51 16,547.57	1/1/2014	12/31/2015		\$ 12,616.80	\$ 12,616.80
				1/1/2015	12/31/2015	\$ 16,547.57 16,547.57	12,616.80	12,616.80
	Recycling Tonnage Grant	765-042-4900- 004-178840	8,726.42	1/1/2015	12/31/2015	8,726.42 8,726.42		
Total Department of Environmental Protection						25,273.99	12,616.80	12,616.80
New Jersey Highlands Council	Regional Master Plan Grant	N/A	8,342.25	1/1/2014	12/31/2014	8,342.25	8,342.25	8,342.25
						8,342.25	8,342.25	8,342.25
Total New Jersey Highlands Council						8,342.25	8,342.25	8,342.25
Department of Law and Public Safety	Body Armor Replacement Program	718-066-1020- 001-6120	3,779.66 1,680.92	1/1/2014	12/31/2015		2,858.55	2,858.55
				1/1/2015	12/31/2015	1,680.92 1,680.92	2,858.55	2,858.55
	Safe and Secure Communities Grant	100-066-1020- 232-YCJS-6120	60,000.00	1/1/2015	12/31/2015	60,000.00 60,000.00		
Total Department of Law and Public Safety						61,680.92	2,858.55	2,858.55
Total State Awards						\$ 95,297.16	\$ 23,817.60	\$ 23,817.60

N/A - Not Available

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

TOWNSHIP OF LOPATCONG  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2014

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Lopatcong under programs of the federal and state governments for the year ended December 31, 2014. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operation of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

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

Independent Auditors Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Lopatcong, in the County of Warren (the “Township”) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 29, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group for the year ended December 31, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

The Honorable Mayor and Members  
of the Township Committee  
Page 2

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
May 29, 2015



NISIVOCIA LLP



David H. Evans  
Certified Public Accountant  
Registered Municipal Accountant No. 98

TOWNSHIP OF LOPATCONG  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited for the year ended December 31, 2014.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04 for the year ended December 31, 2014 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF LOPATCONG  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Status of Prior Year Findings:

There were no prior year findings.

TOWNSHIP OF LOPATCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

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

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

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

Collection of Interest on Delinquent Taxes and Utilities

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or utilities on or before the date when they would become delinquent. On January 6, 2014, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and utilities and 18% per annum for delinquent taxes and utilities in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

From our testing of the Tax Collector's records, it appeared that interest was charged for delinquent tax and utility payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 25, 2014, and was complete. Inspection of tax sale certificates 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 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2014	9
2013	9
2012	9

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, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 Taxes	20
Payments of 2014 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Payments/Charges Sewer Utility	20
Delinquent Sewer Utility	15

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2014. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

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

The Township is in compliance with directives 1 and 3; however, fixed assets accounting records are not adequately maintained. It is recommended that the Township pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in location of the Township's fixed assets.

Management's Response:

The Township will look into pursuing and maintaining a fixed assets accounting and reporting system to identify additions, deletions, and changes in the location of the Township's fixed assets.

Accounting Records

1. We noted throughout the testing of funds that there were large interfund balances which existed at year end. It is recommended that all transactions be charged to the proper fund to avoid or limit interfund transactions.

Management's Response:

Interfunds will be returned to their proper accounts, and will be returned to their proper accounts prior to the end of each year.

2. During our testing of the Current Fund, we noted that there was an overexpenditures in the Revenue Administration Other Expenses and in Parks and Playgrounds Salaries and Wages, totaling \$6,752.79. The overexpenditures were created when revenue was improperly classified as appropriation refunds. It is recommended that all revenue be properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.

Management's Response:

The Chief Financial Officer will review line items periodically to ensure that appropriation refunds are properly classified in order to avoid overexpenditures.

3. In December 2014, it was noted that there was revenue that was deposited into the bank in the Current Fund, however it was never posted as revenue within the accounting software. This created a discrepancy in the cash account within the accounting system. There was no bank reconciliation prepared in December, as the former chief financial officer retired on December 31, 2014. The revenue was subsequently posted, and the reconciliation was performed. It is recommended that all items of revenue and expense be posted as the transactions occur in order to alleviate discrepancies in cash prior to reconciling the bank accounts.

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Accounting Records (Cont'd)

Management's Response:

All revenue and expenditures will be posted accurately, and will reconcile on a monthly basis to the cash reconciliations.

4. During our testing of the Sewer Utility Capital Fund, we noted that there was a deficit cash balance for the Replacement for Baltimore Street Pumping Station ordinance. It is recommended that the Township take steps in future budgets to appropriately fund this ordinance.

Management's Response:

The Chief Financial Officer will take steps in future budgets to fund the ordinance for Replacement for Baltimore Street Pumping Station in the Sewer Utility Capital Fund.

Federal and State Grant Fund

1. During our review of federal and state grants, we noted that a number of grants receivable and reserve balances are several years old. Also, we noted that there is a delay in requesting reimbursements from grantors. This delay in request for reimbursement has led to fewer collections on grants receivable. It is recommended that a review of the federal and state grants receivable and appropriated grant reserves be conducted to identify those grants which will be collected and disbursed and which grants should be cancelled. It is also recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection.

Management's Response:

A review of all federal and state grants receivable and appropriated reserves will be performed to ensure that only active receivables and reserve balances are being carried forward. All requests for reimbursements will be done in a timely manner to ensure prompt collection.

2. During our testing of the Federal and State Grant fund, we noted that funds were expended for the Regional Master Plan Highlands Grant in May 2014, prior to the passage of the Chapter 159 resolution in November 2014, authorizing the ability to expend the funds. The funds were expended prior to the passage of the Chapter 159 resolution. It is recommended that all grant funds be expended after the passage of the Chapter 159 resolution.

Management's Response:

Every effort will be made to ensure that grant funds are expended once the grant is authorized and able to be expended.

Purchasing

1. We noted during our testing that there were several vouchers paid that did not have supporting documentation in the form of an invoice. It is recommended that all supporting documentation for purchases be maintained.

Management's Response:

The Chief Financial Officer will begin maintaining documentation for review for all purchases made in the Township.

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Purchasing (Cont'd)

2. We noted during our testing of disbursements that a payment was incorrectly issued to the wrong vendor. It is recommended that the Township recover the funds that were sent inadvertently sent to the wrong vendor and remit payment to the correct vendor.

Management's Response:

The Township will take the appropriate action to recover the funds inadvertently sent to the wrong vendor and take better care to ensure payment is remitted to the correct vendor.

Comment:

During our testing of outstanding encumbrances, we noted there were encumbrances in the Council on Affordable Housing trust account which were established in 2012. Until fiscal 2014, this encumbrances were still deemed valid by the Chief Finance Officer, however the project never materialized and the items were still open as of December 31, 2014. The new Chief Financial Officer investigated these items after year end and determined that they were no longer valid encumbrances and subsequently cancelled them. Therefore, no formal recommendation is deemed necessary.

Payroll

1. During our testing it was noted that there was no year-end analysis of the balance in the payroll agency bank account. This account in an imprest account and all funds that are transferred into the account are to be utilized for payroll or returned to the Current Fund. It is recommended that an analysis of the year-end balance in the payroll agency account be maintained.

Management's Response:

The Chief Financial Officer will perform an analysis of the balance of the payroll account on a monthly basis.

2. We noted during our review of the Unemployment Compensation Insurance Trust Fund, that employee contributions were disbursed directly to the State of New Jersey by the payroll company. Those employee contributions should be transferred to the trust account for State Unemployment Compensation Insurance Trust Fund. When the State submits a request for payment, those funds are then disbursed from the trust account for payment. It is recommended that all employee unemployment contributions be transferred to the Unemployment Compensation Insurance Trust Fund.

Management's Response:

The Township will make every effort to ensure that the funds are returned from the State, and that in the future all funds will be transferred to the Unemployment Compensation Insurance Trust Fund.

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Payroll (Cont'd)

3. We noted during our testing of salaries, that there were instances in which the calculations for health benefits due from employees were incorrect. It is recommended that greater care be taken in the calculation of employee health benefit contributions in order to ensure that the amounts are accurately calculated and collected.

Management's Response:

The Township will take better care in calculating health benefits due from employees.

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2014:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Agency</u>	<u>Balance Dec. 31, 2013</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2014</u>
State of New Jersey				
Fines & Costs	\$ 2,224.79	\$ 28,854.17	\$ 28,863.72	\$ 2,215.24
Weights and Measures		3,700.00	3,700.00	
County Treasurer:				
Fines & Costs	1,042.50	17,812.50	17,706.50	1,148.50
Municipal Treasurer:				
Lopatcong	1,993.71	38,916.97	38,753.92	2,156.76
Municipality - POAA (FTA)		2.00	2.00	
Conditional Discharge		750.00	750.00	
Restitution		470.00	470.00	
Miscellaneous	1.16	12.80	13.17	0.79
Bail Interest	0.56	5.31	5.76	0.11
Bail	630.00	18,816.00	19,446.00	
	<u>\$ 5,892.72</u>	<u>\$ 109,339.75</u>	<u>\$ 109,711.07</u>	<u>\$ 5,521.40</u>

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2013 audit report. The prior year's recommendation 3 was resolved in 2014, while the remaining recommendations are in the 2014 audit.

TOWNSHIP OF LOPATCONG  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in location of the Township's fixed assets.
2. Every effort be made to ensure that all transactions are charged to the appropriate fund to limit interfund transactions.
3. All revenue is properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.
4. All items of revenue and expense is posted as the transactions occur in order to alleviate discrepancies in cash prior to reconciling the bank accounts.
5. A review of the federal and state grants receivable and appropriated grant reserves be reviewed to identify those grants which will be collected and disbursed and which grants will be cancelled. It is further recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection in the future.
6. Grant funds are expended after the approval of the appropriate resolution.
7. Supporting documentation such as an invoice for all purchases be obtained for all vouchers.
8. The Township recover the funds that were sent inadvertently to the wrong vendor and remit payment to the correct vendor.
9. An analysis of the year-end balance in the payroll agency account be maintained.
10. Employee unemployment contributions be transferred to the Unemployment Compensation Insurance Trust Fund.
11. Greater care be taken in the calculation of employee health benefit contributions in order to ensure that the amounts are accurately calculated and collected.
12. The Township take steps in future budgets to appropriately fund the Baltimore Street Pumping Station ordinance.

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