

REPORT OF AUDIT

TOWNSHIP OF FRANKFORD

COUNTY OF SUSSEX

DECEMBER 31, 2014

TOWNSHIP OF FRANKFORD, N.J.
YEAR ENDED DECEMBER 31, 2014
TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
<u>PART I</u>	
Independent Auditors' Report	1 - 3
 <u>CURRENT FUND</u>	
A Comparative Balance Sheet - Current Fund	4 - 5
A-1 Comparative Statement of Operations and Change in Fund Balance	6
A-2 Statement of Revenues	7 - 8
A-3 Statement of Expenditures	9 - 15
 <u>TRUST FUND</u>	
B Comparative Balance Sheet - Trust Funds	16 - 17
 <u>GENERAL CAPITAL FUND</u>	
C Comparative Balance Sheet	18
C-1 Comparative Schedule of Fund Balance	19
 <u>PUBLIC ASSISTANCE</u>	
D Comparative Balance Sheet - Public Assistance	20
 <u>FIXED ASSETS</u>	
E Comparative Statement of General Fixed Assets	21
 NOTES TO FINANCIAL STATEMENTS	 22 - 41
 SUPPLEMENTARY DATA	
OFFICIALS IN OFFICE AND SURETY BONDS	42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	44
COMPARATIVE DATA	45 - 47

ExhibitPageCURRENT FUND

A-4	Schedule of Cash - Treasurer	48
A-5	Schedule of Cash - Change Fund	49
A-6	Schedule of Prepaid Debt Service	49
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	50
A-8	Schedule of Tax Title Liens Receivable	51
A-9	Schedule of Property Acquired for Taxes - Assessed Valuation	51
A-10	Schedule of Revenue Accounts Receivable	52
A-11	Schedule of Amount Due State of N.J. for Senior Citizens & Veterans Deductions	53
A-12	Schedule of Interfunds Receivables/Payables	54
A-13	Schedule of Appropriation Reserves	55 - 57
A-14	Schedule of Various Cash Liabilities and Reserves	58
A-15	Schedule of Deferred Charges N.J.S.A. 40A:4-55 Special Emergency	59
A-16	Schedule of Encumbrances Payable	60
A-17	Schedule of Prepaid Taxes	60
A-18	Schedule of County Taxes Payable	61
A-19	Schedule of Local School District Taxes Payable	61
A-20	Schedule of Regional High School Taxes Payable	62
A-21	Schedule of Interfunds	63
A-22	Schedule of Grants Receivable	64
A-24	Schedule of Appropriated Reserve for Grants	65
A-25	Schedule of Unappropriated Reserves for Grants	66

TRUST FUND

B-1	Schedule of Cash - Treasurer	67
B-2	Reserve/(Deficit) for Animal Control Trust Fund Expenditures	68
B-3	Schedule of Pre-Paid Dog Licenses	69
B-4	Schedule of Reserve for Encumbrances	70
B-5	Schedule of Account Receivable - Medical Insurance	71
B-6	Schedule of Interfund Receivable/(Payable)	72
B-7	Schedule of Due To State Department of Health.	73
B-8	Schedule of Other Trust Funds	74

GENERAL CAPITAL FUND

C-2	Schedule of Cash	75
C-3	Analysis of Cash	76
C-4	Schedule of Interfund Receivable / (Payable)	77
C-5	Schedule of New Jersey Grants Receivable	78
C-6	Schedule of Deferred Charges to Future Taxation - Funded	79
C-7	Schedule of Deferred Charges to Future Taxation - Unfunded	80
C-8	Schedule of Capital Improvement Fund	81
C-9	Schedule of Improvement Authorizations	82
C-10	Schedule of Various Reserves	83
C-11	Schedule of Bond Anticipation Notes Payable	84
C-12	Schedule of Green Trust Loan Payable	85
C-13	Schedule of Bonds and Notes Authorized but Not Issued	86

Exhibit

Page

PUBLIC ASSISTANCE FUND

D-1	Schedule of Cash - Treasurer	87
D-2	Schedule of Cash and Reconciliation Per N.J.S.A. 40A:5-5	88
D-3	Schedule of Cash and Reconciliation	89
D-4	Schedule of Reserve for Public Assistance	90

PART II

Independent Auditor's 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	91 - 92
--	---------

GENERAL COMMENTS

Cash Balances	93
Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4	94
Collection of Interest on Delinquent Taxes and Utility Charges	95
Delinquent Taxes and Tax Title Liens	95
Verification of Delinquent Taxes and Other Charges	96
Municipal Court	96
Finance	96
Outside Offices	97
Minutes of Meetings	97

RECOMMENDATIONS	98
-----------------	----

Status of Prior Year's Audit Findings/Recommendations	98
---	----

TOWNSHIP OF FRANKFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Frankford
Augusta, New Jersey 07822

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2014 and 2013, stated as \$5,823,184.14 and \$5,743,616.19 respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion on Regulatory Basis Accounting Principles" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

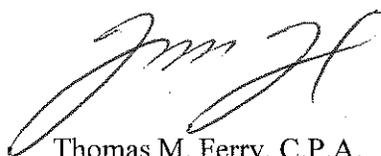
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Frankford's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015 on our consideration of the Township of Frankford'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 Frankford's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkatz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

April 24, 2015



Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	1,809,621.14	1,554,546.64
Change Fund	A-5	275.00	275.00
		<u>1,809,896.14</u>	<u>1,554,821.64</u>
Receivables and Other Assets with Full Reserves:			
Prepaid Debt Service	A-6		4,870.21
Delinquent Taxes Receivable	A-7	151,552.53	235,754.73
Tax Title Liens Receivable	A-8	303,465.62	237,062.97
Property Acquired for Taxes - Assessed Valuation	A-9	488,500.00	488,500.00
Revenue Accounts Receivable	A-10	1,956.35	
Interfund Receivables:			
Other Trust Fund	A-12	3,812.97	50.48
		<u>949,287.47</u>	<u>966,238.39</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-15	93,000.00	127,000.00
		<u>2,852,183.61</u>	<u>2,648,060.03</u>
Federal and State Grant Fund:			
Interfund Receivables:			
Current Fund	A-21	98,939.69	103,810.88
		<u>2,951,123.30</u>	<u>2,751,870.91</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-13	203,523.76	191,854.73
Due To State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	31,114.79	19,379.17
Interfunds Payable:			
Federal and State Grant Fund	A-12	98,939.69	103,810.88
Tax Overpayments	A-14	12,789.14	23,340.18
Reserve for:			
Sale of Municipal Assets	A-14	20,739.74	20,739.74
Master Plan	A-14	23,704.75	31,041.25
Reassessment	A-14	2,955.00	2,955.00
Due to State of New Jersey:			
DCA Training Fees	A-14	17,198.00	1,755.00
Marriage Surcharge	A-14	100.00	250.00
Encumbrances Payable	A-16	17,907.27	
Prepaid Taxes	A-17	199,102.84	196,793.65
County Taxes Payable	A-18	30,657.85	9,931.68
		<u>658,732.83</u>	<u>601,851.28</u>
Reserve for Receivables	Contra	949,287.47	966,238.39
Fund Balance	A-1	1,244,163.31	1,079,970.36
		<u>2,852,183.61</u>	<u>2,648,060.03</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	77,038.37	78,502.22
Unappropriated Reserve for Grants	A-24	21,901.32	25,308.66
		<u>98,939.69</u>	<u>103,810.88</u>
		<u>2,951,123.30</u>	<u>2,751,870.91</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	Ref.	2014	2013
Revenues and Other Income:			
Fund Balance Utilized	A-2	500,000.00	465,000.00
Miscellaneous Revenue Anticipated	A-2	828,938.47	772,072.82
Receipts from Delinquent Taxes	A-2	229,614.79	201,438.88
Receipts from Current Taxes	A-2	18,909,347.88	18,105,431.21
Non-Budget Revenue	A-2	271,156.33	320,052.16
Other Credits to Income:			
Stale Dated Checks Voided	A-4	830.00	63.61
Interfunds Returned			2,525.92
Grant Appropriations Cancelled			28,140.33
Other Trust Reserves Cancelled			15,085.89
Unexpended Balance of Appropriation Reserves	A-13	167,032.37	203,980.76
Cancellation of Various Reserves			59,183.42
Total Revenues and Other Income		<u>20,906,919.84</u>	<u>20,172,975.00</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	917,286.19	879,067.16
Other Expenses	A-3	1,448,095.81	1,423,937.84
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	222,019.00	227,449.00
Operations - Excluded From CAPS:			
Salaries and Wages	A-3	194,522.00	187,241.00
Other Expenses	A-3	131,853.66	125,502.91
Capital Improvements - Excluded from Caps	A-3	125,000.00	425,000.00
Municipal Debt Service - Excluded from Caps	A-3	373,356.40	24,141.50
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	56,500.00	56,500.00
Grant Receivables Cancelled			32,146.70
Interfund Advanced	A-12	3,762.49	50.48
County Taxes including Added Taxes	A-18	4,448,990.34	3,901,468.45
Local District School Tax	A-19	7,237,630.00	7,071,354.00
Regional High School Tax	A-20	5,083,711.00	5,109,546.00
Total Expenditures		<u>20,242,726.89</u>	<u>19,463,405.04</u>
Statutory Excess to Fund Balance		664,192.95	709,569.96
Fund Balance, January 1,	A-1	<u>1,079,970.36</u>	<u>835,400.40</u>
		1,744,163.31	1,544,970.36
Fund Balance Utilized as Budget Revenue		<u>500,000.00</u>	<u>465,000.00</u>
Fund Balance, December 31,	A	<u>1,244,163.31</u>	<u>1,079,970.36</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>500,000.00</u>	<u>500,000.00</u>	<u> </u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	5,600.00	5,009.10	(590.90)
Other	A-10	3,900.00	4,545.00	645.00
Fees and Permits	A-10	38,000.00	47,463.75	9,463.75
Fines and Costs:				
Municipal Court	A-10	21,000.00	16,453.05	(4,546.95)
Interest and Costs on Taxes	A-10	60,000.00	70,606.69	10,606.69
Interest on Investments and Deposits	A-10	3,000.00	5,899.21	2,899.21
Consolidated Municipal Property Tax Relief Aid	A-10	10,531.00	10,531.00	
Energy Receipts Tax	A-10	444,470.00	444,470.00	
Watershed Moratorium Offset Aid	A-10	13,066.00	13,066.00	
Garden State Trust	A-10	10,729.00	10,729.00	
Uniform Construction Code Fees	A-10	105,000.00	142,764.00	37,764.00
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services				
Interlocal Services				
Township of Montague -CFO	A-10	16,305.00	16,304.52	(0.48)
Township of Sandyston - Land Use Admin.	A-10	15,790.00	15,788.49	(1.51)
Public and Private Revenues:				
Clean Communities Program - Reserve	A-22	20,236.39	20,236.39	
Recycling Tonnage Grant- Reserve	A-22	<u>5,072.27</u>	<u>5,072.27</u>	
Total Miscellaneous Revenues	A-1	<u>1,272,699.66</u>	<u>828,938.47</u>	<u>56,238.81</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>210,500.00</u>	<u>229,614.79</u>	<u>19,114.79</u>
Subtotal General Revenues		<u>1,483,199.66</u>	<u>1,558,553.26</u>	<u>75,353.60</u>
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax Including Reserve for Uncollected Taxes	A-2	<u>2,263,031.50</u>	<u>2,416,609.54</u>	<u>153,578.04</u>
Budget Totals		<u>3,746,231.16</u>	<u>3,975,162.80</u>	<u>228,931.64</u>
Non-Budget Revenue	A-1;A-2	<u> </u>	<u>271,156.33</u>	<u>271,156.33</u>
		<u>3,746,231.16</u>	<u>4,246,319.13</u>	<u>500,087.97</u>

A-3

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-1;A-7	<u>18,909,347.88</u>
Less:		
Allocated to School and County Taxes	A-7	<u>16,770,331.34</u>
Balance for Support of Municipal Budget Appropriations		2,139,016.54
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>277,593.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>2,416,609.54</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-7	228,241.45
Tax Title Lien Receivable	A-8	<u>1,373.34</u>
	A-2	<u><u>229,614.79</u></u>
		A-2
<u>Analysis of Non-budget Revenues</u>	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Borough Clerk		1,358.90
Municipal Court Agreements		240,032.12
Payment in Lieu of Taxes		8,000.00
Rents		15,249.00
Sale of Scrap Metal		932.00
Various Refunds and Miscellaneous		<u>5,584.31</u>
	A-4	<u><u>271,156.33</u></u>
		A-2

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"							
General Government:							
Administrative and Executive							
Salaries and Wages		10,400.00		10,400.00	10,296.00	104.00	
Other Expenses		3,500.00		3,500.00	3,500.00		
Municipal Clerk							
Salaries and Wages		100,000.00		100,000.00	97,230.51	2,769.49	
Other Expenses		12,000.00		12,000.00	11,906.33	93.67	
Codification of Ordinances		4,000.00		4,000.00	1,268.80	2,731.20	
Elections		4,500.00		4,500.00	4,068.31	431.69	
Financial Administration							
Salaries and Wages		39,000.00		39,000.00	38,979.52	20.48	
Other Expenses		2,000.00		2,000.00	728.92	1,271.08	
Audit Services		25,000.00		25,000.00	25,000.00		
Computer Services and Office Equipment		32,500.00		32,500.00	17,162.11	15,337.89	
Assessment of Taxes							
Salaries and Wages		45,000.00		45,000.00	43,631.78	1,368.22	
Other Expenses		4,500.00		5,026.00	5,025.96	0.04	
Collection of Taxes							
Salaries and Wages		70,000.00		70,000.00	69,873.48	126.52	
Other Expenses		4,000.00		4,000.00	3,351.63	648.37	
Legal Services and Costs:							
Other Expenses		100,000.00		95,705.87	43,284.44	52,421.43	
Engineering Services and Costs							
Other Expenses		17,500.00		17,500.00	8,940.25	8,559.75	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>							
Land Use Board							
Salaries and Wages		21,656.00		21,656.00	21,455.50	200.50	
Other Expenses		12,000.00		12,000.00	10,521.20	1,478.80	
Zoning Board							
Salaries and Wages		33,000.00		33,000.00	31,819.00	1,181.00	
Other Expenses		2,000.00		2,000.00	1,851.38	148.62	
Emergency Management							
Salaries and Wages		5,200.00		5,200.00	5,098.00	102.00	
Other Expenses		5,000.00		5,000.00	1,512.18	3,487.82	
Public Safety:							
Aid to Volunteer Fire Companies		39,000.00		39,000.00	39,000.00		
Aid to Branchville Fire Department		5,500.00		5,500.00	5,500.00		
Aid to Beemerville Fire Department		5,500.00		5,500.00	5,500.00		
First Aid Organization - Contribution		35,000.00		35,000.00	35,000.00		
First Responders		10,000.00		10,000.00	10,000.00		
Municipal Court							
Prosecutor							
Salaries and Wages		41,000.00		41,000.00	39,990.10	1,009.90	
Public Buildings and Grounds							
Other Expenses		22,000.00		25,185.13	25,185.13		
Streets and Roads:							
Road Repairs and Maintenance							
Salaries and Wages		377,100.00		377,100.00	367,935.89	9,164.11	
Other Expenses		250,000.00		250,000.00	238,294.33	11,705.67	
Snow Removal							
Salaries and Wages		50,000.00		50,000.00	50,000.00		
Other Expenses		160,000.00		160,000.00	160,000.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Recycling		7,300.00		7,300.00	7,206.72	93.28	
Salaries and Wages							
Garbage and Trash Removal		3,000.00		3,000.00	1,928.97	1,071.03	
Other Expenses		50,000.00		50,000.00	44,970.55	5,029.45	
Vehicle Expense							
Health and Welfare:							
Board of Health							
Salaries and Wages		4,400.00		4,400.00	4,239.12	160.88	
Other Expenses		1,000.00		1,000.00	921.28	78.72	
SCARC		1,500.00		1,500.00	1,500.00		
Senior Organization		2,500.00		2,500.00	2,500.00		
Branchville/Frankford Youth Group							
Other Expenses		2,500.00		2,500.00	2,500.00		
Park Buildings and Grounds							
Salaries and Wages		21,500.00		19,230.19	19,207.93	22.26	
Other Expenses		20,000.00		22,269.81	22,269.81		
Utility Expense:							
Electricity		18,000.00		18,000.00	11,318.74	6,681.26	
Street Lighting		7,000.00		7,000.00	5,472.56	1,527.44	
Telephone		7,200.00		7,200.00	5,946.51	1,253.49	
Fuel Oil		23,000.00		23,000.00	15,852.24	7,147.76	
Gasoline		45,000.00		45,000.00	40,047.92	4,952.08	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>							
Insurance							
General Liability		113,725.00		114,225.00	114,225.00		
Workers Compensation		61,501.00		61,501.00	61,501.00		
Employee Group Health		275,000.00		275,000.00	245,439.00	29,561.00	
Health Benefit Waivers		32,000.00		32,000.00	31,938.00	62.00	
Insurance Other		2,400.00		2,483.00	2,482.73	0.27	
Sub-Code Officials							
Construction Officials							
Salaries and Wages		94,000.00		94,000.00	93,311.04	688.96	
Other Expenses		15,000.00		15,000.00	10,740.28	4,259.72	
Accumulated Leave Compensation		10,000.00		10,000.00	10,000.00		
Total Operations {Item 8 (A)} Within "CAPS"		2,365,382.00		2,365,382.00	2,188,430.15	176,951.85	
B. Contingent							
Total Operations Including Contingent-Within "CAPS"		2,365,382.00		2,365,382.00	2,188,430.15	176,951.85	
Detail:							
Salaries and Wages	A-1	919,556.00		917,286.19	900,274.59	17,011.60	
Other Expenses (Including Contingent)	A-1	1,445,826.00		1,448,095.81	1,288,155.56	159,940.25	

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>							
Deferred Charges and Statutory Expenditures-Within "CAPS"							
Municipal Within "CAPS"							
Statutory Expenditures							
Contribution to:							
Public Employees' Retirement System		106,919.00		106,919.00	96,020.00	10,899.00	
Social Security System (O.A.S.I.)		90,000.00		90,000.00	82,439.31	7,560.69	
Defined Contribution Retirement Program		100.00		100.00		100.00	
Unemployment Compensation Insurance		25,000.00		25,000.00	25,000.00		
Total Deferred Charged and Statutory							
Expenditures - Municipal within "CAPS"	A-1	222,019.00		222,019.00	203,459.31	18,559.69	
(G) Cash Deficit of Preceding Year							
		<u>2,587,401.00</u>		<u>2,587,401.00</u>	<u>2,391,889.46</u>	<u>195,511.54</u>	
Total General Appropriations for Municipal Purposes within "CAPS"							
Operations - Excluded From "CAPS"							
Interlocal Municipal Service Agreements							
Municipal Court:							
Salaries and Wages		170,000.00		170,000.00	167,507.80	2,492.20	
Other Expenses		15,825.00		15,825.00	10,305.98	5,519.02	
Other Expenses		79,264.00		79,264.00	79,264.00		
Township of Montague - Chief Financial Officer							
Salaries and Wages		12,485.00		12,485.00	12,485.00		
Other Expenses		3,820.00		3,820.00	3,820.00		
Township of Montague - Land Use Administrator							
Salaries and Wages		12,037.00		12,037.00	12,037.00		
Other Expenses		3,753.00		3,753.00	3,753.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Ref.	Budget	For 2014 By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>							
Township of Wantage - Certified Recycling Professional Other Expenses		2,550.00		2,550.00	2,550.00		
Total Interlocal Municipal Service Agreements		299,734.00		299,734.00	291,722.78	8,011.22	
Public and Private Programs Offset By Revenues							
Clean Communities Grant		20,236.39		20,236.39	20,236.39		
Recycling Tonnage Grant- Reserve							
Other Expenses		5,072.27		5,072.27	5,072.27		
Matching Funds for Grants		1.00		1.00		1.00	
Municipal Alliance - Local Share		1,332.00		1,332.00	1,332.00		
Total Public and Private Programs Offset By Revenues		26,641.66		26,641.66	26,640.66	1.00	
Total Operations - Excluded from "CAPS"		326,375.66		326,375.66	318,363.44	8,012.22	
<u>Detail:</u>							
Salaries and Wages	A-1	194,522.00		194,522.00	192,029.80	2,492.20	
Other Expenses	A-1	131,853.66		131,853.66	126,333.64	5,520.02	
Capital Improvements - Excluded From "CAPS"							
Purchase of Road Equipment		125,000.00		125,000.00	125,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	125,000.00		125,000.00	125,000.00		
Municipal Debt Service -Excluded From "CAPS"							
Payment of Bond Anticipation Notes and Capital Notes Interest on Notes		341,980.00		342,000.00	342,000.00	XXXXXXX	5.10
Green Trust Loan Program:		7,240.00		7,220.00	7,214.90	XXXXXXX	
Loan Repayments for Principal and Interest		24,141.50		24,141.50	24,141.50	XXXXXXX	
Total Municipal Debt Service-Excluded from "CAPS"	A-1	373,361.50		373,361.50	373,356.40	XXXXXXX	5.10

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>For 2014 By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Deferred Charges - Municipal - Excluded From "CAPS"							
(1) Deferred Charges:							
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)		34,000.00		34,000.00	34,000.00		
Unfunded Ordinances:							
05-12 George Hill Road Section II		12,500.00		12,500.00	12,500.00		
04-04 Land Purchase		10,000.00		10,000.00	10,000.00		
Total Deferred Charges - Municipal - Excluded From "CAPS"	A-1	56,500.00		56,500.00	56,500.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		881,237.16		881,237.16	873,219.84	8,012.22	5.10
Subtotal General Appropriations		3,468,638.16		3,468,638.16	3,265,109.30	203,523.76	5.10
Reserve for Uncollected Taxes		277,593.00		277,593.00	277,593.00		
Total General Appropriations		3,746,231.16		3,746,231.16	3,542,702.30	203,523.76	5.10
				A-2		A	
Reserve for Uncollected Taxes			A-2		277,593.00		
Cash Disbursements			A-4		3,186,561.37		
Interfund - Federal and State Grant Fund			A-12		1,332.00		
Deferred Charges - Special Emergency			A-15		34,000.00		
Encumbrances Payable			A-16		17,907.27		
Reserve for Federal & State Grants			A-23		25,308.66		
					3,542,702.30		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-1	13,456.42	22,542.25
Other Trust Funds:			
Cash	B-1	1,408,170.33	1,894,760.63
Accounts Receivable - Medical Insurance	B-5	5,142.97	17,041.37
		1,413,313.30	1,911,802.00
		1,426,769.72	1,934,344.25

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Animal Control Trust Fund:			
Reserve for Animal Control			
Trust Fund Expenditures	B-2	7,252.22	14,149.65
Prepaid Licenses	B-3	6,070.00	8,080.00
Reserve for Encumbrances	B-4	133.60	
Due to State Department of Health	B-7	0.60	312.60
		<u>13,456.42</u>	<u>22,542.25</u>
Other Trust Funds:			
Interfund Payable			
Current Fund	B-6	3,812.97	50.48
Reserve for Encumbrances	B-4	3,976.00	
Other Trust Funds	B-8	1,405,524.33	1,911,751.52
		<u>1,413,313.30</u>	<u>1,911,802.00</u>
		<u>1,426,769.72</u>	<u>1,934,344.25</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	C-2	290,826.58	219,726.41
New Jersey Grants Receivable	C-5	34,176.80	37,500.00
Deferred Charges to Future Taxation			
Funded	C-6	150,047.58	170,875.20
Unfunded	C-7	699,015.28	1,128,500.00
		<u>1,174,066.24</u>	<u>1,556,601.61</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-8	199,343.90	163,646.46
Improvement Authorizations:			
Funded	C-9	137,694.50	58,681.96
Unfunded	C-9		192,180.63
Reserve for:			
Purchase of Equipment	C-10	160,084.78	104,404.88
Imp. to Renovations to Mun. Bldg.	C-10	36,800.00	36,800.00
Improvements to Roads	C-10	37,454.29	37,454.29
Improvements to Parks	C-10	475.78	475.78
Bond Anticipation Notes	C-11	381,500.00	723,500.00
Green Trust Loan Payable	C-12	150,047.58	170,875.20
Fund Balance	C-1	70,665.41	68,582.41
		<u>1,174,066.24</u>	<u>1,556,601.61</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued in the amount of \$382,500.00 and \$405,000.00 on December 31, 2014 and 2013 per Exhibit C-13.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Balance - January 1,	C	<u>68,582.41</u>	<u> </u>
Increased by:			
Premium Paid on Bond Anticipation Note	C-2	2,083.00	
Refund of Prior Years Appropriation			
Expenditures			7,731.99
Reappropriation and correction of Funding			
of Ordinance #12-12			7,000.00
Improvement Authorizations Cancelled		<u> </u>	<u>53,850.42</u>
Balance - December 31,	C	<u><u>70,665.41</u></u>	<u><u>68,582.41</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	D-1	<u>2,876.20</u>	<u>2,876.20</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance	D-4	<u>2,876.20</u>	<u>2,876.20</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Frankford, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>General Fixed Assets:</u>		
Land	2,669,650.00	2,669,650.00
Buildings	1,110,146.18	1,110,146.18
Machinery and Equipment	<u>2,043,387.96</u>	<u>1,963,820.01</u>
	<u>5,823,184.14</u>	<u>5,743,616.19</u>
 Investment in Fixed Assets	 <u>5,823,184.14</u>	 <u>5,743,616.19</u>

(1) See Notes to Financial Statements - Note 1

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principals generally accepted in the United States of America (GAAP).

The financial statements of the Township of Frankford have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Frankford (the "Township") operates under a Township Committee form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. The Township transferred administration of the general assistance program to the Sussex County Board of Social Services. The funds remaining in the Public Assistance Fund are used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Assets Account Group - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

A modified accrual basis of accounting is followed by the Township of Frankford. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local governmental units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on November 11 in the current year, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Animal Control Trust Fund	Trust Fund
General Capital Fund	

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

Recent Accounting Pronouncements

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

TOWNSHIP OF FRANKFORD, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term “government combinations” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement, which is effective for financial statements beginning after December 15, 2013, will not have any effect on the entity’s financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity’s financial statement disclosures.

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

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 statutory budget included a reserve for uncollected taxes in the amount of \$277,593.00. The amount of fund balance budgeted to balance the 2014 statutory budget was \$500,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Township Committee.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were no special items of revenue and appropriation inserted into the annual budget for 2014.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2014, there were no special emergency appropriations inserted into the annual budget.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Special Emergency Authorization	\$93,000.00	\$34,000.00	\$59,000.00

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

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 4: GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summary of changes in the general fixed assets account group for the year 2014.

	<u>Balance as of Dec. 31, 2013</u>	<u>Additions</u>	<u>Balance as of Dec. 31, 2014</u>
Land	\$2,669,650.00	\$ -	\$2,669,650.00
Buildings	1,110,146.18	-	1,110,146.18
Equipment (Including Vehicles)	<u>1,963,820.01</u>	<u>79,567.95</u>	<u>2,043,387.96</u>
	<u>\$5,743,616.19</u>	<u>\$79,567.95</u>	<u>\$5,823,184.14</u>

NOTE 5: MUNICIPAL DEBT

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

	<u>Balance Dec. 31, 2013</u>	<u>Additions (1)</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2014</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$113,120.46	\$4,767.15	\$ -	\$117,887.61	\$ -
New Jersey Green Trust Loan Payable	<u>170,875.20</u>	<u>-</u>	<u>20,827.62</u>	<u>150,047.58</u>	<u>21,246.23</u>
	<u>\$283,995.66</u>	<u>\$4,767.15</u>	<u>\$20,827.62</u>	<u>\$267,935.19</u>	<u>\$21,246.23</u>

(1) Net of additions and uses of compensated absences.

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligations bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Township's debt is summarized as follows:

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
General:			
Bonds, Notes and Loans	\$531,547.58	\$ 894,375.20	\$196,114.42
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>382,500.00</u>	<u>405,000.00</u>	<u>427,500.00</u>
Net Bonds and Notes Issued And Authorized But not Issued	<u>\$914,047.58</u>	<u>\$1,299,375.20</u>	<u>\$623,614.42</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 indicated a statement net debt of .110%.

<u>Debt</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District	\$ 384,650.64	\$384,650.64	\$ -
Municipal	<u>914,047.58</u>	<u>-</u>	<u>914,047.58</u>
	<u>\$1,298,698.22</u>	<u>\$384,650.64</u>	<u>\$914,047.58</u>

Net Debt \$914,047.58 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, 834,697,753 = .110%.

SUMMARY OF AVERAGE EQUALIZED VALUATION

2014	834,697,753	
2013		851,220,831.00
2012		865,272,396.00

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	29,214,421.35
Net Debt	<u>914,047.58</u>
 Remaining Borrowing Power	 <u>28,300,373.77</u>

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

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

Outstanding bonds or loans whose principal and interest are paid from the Current Fund Budget of the Township:

General Obligation Loan - Park Improvements - 11/1/95, in the amount of \$75,000.00 with the State of New Jersey, Department of Environmental Protection, Green Acres Trust Fund Loan. Interest is paid semi-annually at a rate of 2.00% per annum and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2014 was \$4,594.69.

General Obligation Loan - Park Improvements - 10/28/98, in the amount of \$150,000.00 with the State of New Jersey, Department of Environmental Protection, Green Acres Trust Fund Loan. Interest is paid semi-annually at a rate of 2.00% per annum and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2014 was \$32,054.63.

General Obligation Loan - Park Improvements - 1/8/08, in the amount of \$160,000.00 with the State of New Jersey, Department of Environmental Protection, Green Acres Trust Fund Loan. Interest is paid semi-annually at a rate of 2.00% per annum and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2014 was \$113,398.26.

Debt Outstanding

Total General Capital Loan - Listed in above	<u>\$150,047.58</u>
--	---------------------

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LONG
TERM DEBT ISSUED AND OUTSTANDING**

<u>Calendar Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 2,895.26	\$ 21,246.23	\$ 24,141.49
2016	2,491.53	16,986.25	19,477.78
2017	2,150.10	17,327.69	19,477.79
2018	1,801.80	12,911.70	14,713.50
2019	1,589.93	8,359.39	9,949.32
2020-2024	5,360.68	44,385.85	49,746.53
2025-2028	<u>1,017.44</u>	<u>28,830.47</u>	<u>29,847.91</u>
	<u>\$17,306.74</u>	<u>\$150,047.58</u>	<u>\$167,354.32</u>

NOTE 6: BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued to be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

The Township has outstanding at December 31, 2014, a bond anticipation note in the amount of \$381,500.00 payable to Roosevelt and Cross. This note will mature on 8/11/15 and it is the intent of the Township committee to renew this note for another one year period. The current interest rate on this note is 1.50%. The principal on this note is paid from the Current Fund budget of the Township.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 7: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2014 consist of the following:

\$ 3,812.97	Due to Current Fund from Other Trust Fund for receipts and disbursements made from Current Fund.
<u>98,939.69</u>	Due to Federal and State Grant from Current Fund for receipts and disbursements made from Current Fund.
<u>\$102,752.66</u>	

It is anticipated that all interfunds will be liquidated during the calendar year.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2014 and 2013 which is appropriated and included as anticipated revenue in the current fund for the year ending December 31, 2015 and 2014, as per the adopted budget was as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	<u>\$576,000.00</u>	<u>\$500,000.00</u>

NOTE 9: LOCAL AND REGIONAL DISTRICT 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. The Township of Frankford has not elected to defer school taxes.

NOTE 10: PENSION PLANS

Description of Systems:

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey 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 pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the public employee's retirement system, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2014	\$96,020.00
2013	102,877.00
2012	112,698.00

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

There were no employees eligible to be enrolled in the DCRP as of December 31, 2014, 2013 and 2012.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate at such termination. 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. It is estimated that current cost of such unpaid compensation would approximate \$117,887.61.

This amount is not reported either as an expenditure or a liability. The Township has reserved \$25,507.59 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-8 for an analysis. It is expected that any remaining cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2014, \$-0- of the Township's bank balance of \$3,552,987.39 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the Township is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

NOTE 13: RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2014 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 14: HEALTH INSPECTIONS

The Township of Frankford has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Township does not have a health inspector.

NOTE 15: PUBLIC ASSISTANCE

The Township of Frankford has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Township of Frankford no longer has a public assistance director.

NOTE 16. TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec 31, 2014</u>	<u>Balance Dec 31, 2013</u>
Prepaid Taxes	<u>\$199,102.84</u>	<u>\$196,793.65</u>
Cash Liability for Taxes Collected in Advance	<u>\$199,102.84</u>	<u>\$196,793.65</u>

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 17: POST-RETIREMENT BENEFITS

Plan Description

The Township of Frankford contributes to the State Health Benefits Program (SHBP), a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in SHBP. In 1991, Township of Frankford authorized participation in the SHBP's post-retirement benefit program through resolution. Eligible retired employees and their dependents covered under the program, including surviving spouses will receive benefits based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement but including the employees who retired on disability pensions based on fewer years of service credited, and also to reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouse in accordance with the regulations of the SHBP. In 2005, the Township of Frankford adopted chapter 48 through resolution, which allows employees to retire with all benefits listed above, with the exception that benefits will commence after fifteen (15) years of service with the township, and a minimum age of 62.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P. O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf

Funding Policy

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

TOWNSHIP OF FRANKFORD, N. J.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 17: POST-RETIREMENT BENEFITS (Continued)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Frankford on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes.

The Township of Frankford contributions for SHBP for the years ended December 31, 2014, 2013 and 2012, were \$6,283.36, \$10,952.64, and \$10,182.48, respectively, which equaled the required contributions for each year. There were approximately 1, 2, and 2 retired participants eligible at December 31, 2014, 2013, and 2012, respectively.

NOTE 18: CONTINGENT LIABILITIES

Township Counsel has advised us they are representing the Township for an appeal of assessment of real estate, which has been settled subject to approval of the Township Committee. They are also authorized to defend the Township's interest in a Government Records Council matter and no assurances can be given as to the ultimate outcome of the OPRA matter and the financial exposure is unknown at this time.

NOTE 19: SUBSEQUENT EVENT

The Township has evaluated subsequent events through April 24, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

TOWNSHIP OF FRANKFORD, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2014

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

<u>NAME</u>	<u>TITLE</u>
James Ayers	Mayor
Gary Larson	Deputy Mayor
Emery (Sam) Castimore	Committeeperson
Patricia Bussow	Municipal Clerk; Deputy Registrar; Assessment Search Officer
Marcy Gianattasio	Deputy Clerk; Registrar; Dog Licensing Official
Lorraine Mullen	Assistant Treasurer; Clerk to Tax Collector and Assessor
Stephen Lance	Tax Collector; Tax Search Officer
Sharon Yarosz	Chief Financial Officer
Jason Laliker	Assessor
Shari McSweeney	Violations Clerk
Jeffrey Fette	Construction Official: Building Subcode Officer
Marcy Gianattasio	Construction Secretary; Board of Health Secretary
James Cutler	Plumbing Inspector
William Paterson	Fire Protection Subcode Official; Fire Protection Inspector; Fire Official; Fire Inspector
James G. Devine	Judge
Suzanne Oakley	Municipal Court Administrator; Clerk
Carol Cosh	Deputy Court Administrator; Clerk
Sharon Yarosz	Land Use Administrator
Peter J. Laemers, Esq.	Prosecutor
Glen Kienz	Township Attorney
Michael Flood	Animal Control Officer
Robert Schultz	Electrical Subcode Official; Inspector
Harold E. Pellow	Engineer
Charles Konecke	Emergency Management Coordinator
John Demarest	DPW Supervisor
Sharon Tufaro	Zoning Officer
Daniel Colfax	Public Defender
James Sloan	Public Defender
Thomas M. Ferry, C.P.A., R.M.A.	Township Auditor

There is in effect a Public Employee Blanket Bond in the amount of \$1,000,000 per person issued by Municipal Excess Liability Joint Insurance Fund.

Township of Frankford
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2013		Expended	Cancelled	12/31/2014		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance			(Receivable)	Reserve Balance	
GENERAL CAPITAL FUND										
NJ Department of Transportation:										
Various Streets and Roads (Ord. # 13-06)	20.205	150,000.00	1/1/13-12/31/13	(37,500.00)		37,500.00				150,000
Plains Road Section II (Ord. # 14-07)	20.205	132,500.00	1/1/14-12/31/14	(37,500.00)		98,323.20		(34,176.80)	132,500.00	
						135,823.20		(34,176.80)	132,500.00	150,000.00
		TOTAL FEDERAL AID				135,823.20		(34,176.80)	132,500.00	150,000.00

Note: This schedule was not subject to an audit in accordance with Federal OMB Circular A-133.

Township of Frankford
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2013		12/31/2014	
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance
FEDERAL AND STATE GRANT FUND							
NJ Department of Solid Waste Administration:							
Clean Communities	4900-765-042-4900-004-V42Y-6020	17,482.63	1/1/10-12/31/10		4,876.21		2,141.92
Clean Communities	4900-765-042-4900-004-V42Y-6020	17,300.75	1/1/11-12/31/11		15,158.83		17,235.95
Clean Communities	4900-765-042-4900-004-V42Y-6020	17,235.95	1/1/12-12/31/12				20,236.39
Clean Communities	4900-765-042-4900-004-V42Y-6020	20,236.39	1/1/13-12/31/13		18,982.77		18,982.77
Clean Communities	4900-765-042-4900-004-V42Y-6020	18,982.77	1/1/14-12/31/14				4,477.69
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	4,737.69	1/1/09-12/31/09				3,157.38
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	3,157.38	1/1/10-12/31/10				3,403.35
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	3,403.35	1/1/11-12/31/11				4,085.96
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	4,085.96	1/1/12-12/31/12				5,072.27
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,072.27	1/1/13-12/31/13		2,918.55		2,918.55
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	2,918.55	1/1/14-12/31/14		79,845.95		81,712.23
Total NJ Department of Solid Waste Administration:							
					21,901.32		
NJ Department of Human Services:							
Municipal Alliance		9,739.00	1/1/04-12/31/04		8,664.82		4,366.87
Municipal Alliance		9,739.00	1/1/05-12/31/05		9,739.00		9,739.00
Total NJ Department of Human Services:							
					18,403.82		14,105.87
					4,297.95		
NJ Department of Law and Public Safety:							
Domestic Preparedness Equipment		10,000.00	1/1/03-12/31/03		3,121.59		3,121.59
TOTAL FEDERAL AND STATE GRANT FUND							
					101,371.36		98,939.69
					21,901.32		
					24,332.29		
NJ Department of Environmental Protection							
Green Acres Program (1)	4800-582-042-4800-002-Y22G-6020	542,000.00	1/1/09-12/31/04		4,861.04		
TOTAL STATE AID							
					26,762.36		29,194.03
					4,861.04		
					29,194.03		98,939.69

(1) On-Behalf Disbursements

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 04-04.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	500,000.00	2.392%	465,000.00	2.602%
Miscellaneous - From Other Than				
Local Property Tax Levies	828,938.47	3.965%	772,072.82	3.869%
Collection of Delinquent Taxes				
and Tax Title Liens	229,614.79	1.098%	201,438.88	1.270%
Collection of Current				
Tax Levy	18,909,347.88	90.446%	18,105,431.21	89.855%
Other Credits to Income	439,018.70	2.100%	629,032.09	2.404%
	<u>20,906,919.84</u>	<u>100.000%</u>	<u>20,172,975.00</u>	<u>100.000%</u>
<u>Total Revenue and Other Income Realized</u>				
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	3,468,633.06	17.135%	3,348,839.41	17.206%
Local and Regional School Taxes	12,321,341.00	60.868%	12,180,900.00	62.584%
County Taxes	4,448,990.34	21.978%	3,901,468.45	20.305%
Other Expenditures	3,762.49	0.019%	32,197.18	
	<u>20,242,726.89</u>	<u>100.000%</u>	<u>19,463,405.04</u>	<u>100.000%</u>
<u>Total Expenditures</u>				
Statutory Excess to Fund Balance	664,192.95		709,569.96	
Fund Balance, January 1,	<u>1,079,970.36</u>		<u>835,400.40</u>	
	1,744,163.31		1,544,970.36	
Less:				
Utilized as Anticipated Revenue	<u>500,000.00</u>		<u>465,000.00</u>	
Fund Balance, December 31,	<u><u>1,244,163.31</u></u>		<u><u>1,079,970.36</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013 (1)</u>	<u>2012</u>
<u>Tax Rate</u>	<u>2.622</u>	<u>2.527</u>	<u>1.920</u>

Apportionment of Tax Rate:

Municipal	.312	.306	.224
County	.611	.539	.424
Regional School Tax	.998	.977	.740
Regional High School	.701	.705	.532

Assessed Taxable Valuation:

2014	724,860,215		
2013		723,780,398 (1)	
2012			940,738,257

(1) Revaluation Year

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>Cash Collections</u>	<u>Percentage of Collections</u>
2014	19,138,250.12	18,909,347.88	98.80%
2013	18,338,009.24	18,105,431.21	98.73%
2012	18,152,136.30	17,788,160.29	97.99%

DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	303,465.62	155,818.06	459,283.68	2.40%
2013	237,062.97	235,754.73	472,817.70	2.58%
2012	199,100.09	251,527.34	450,627.43	2.48%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31 on the basis of the last assessed valuation of such properties, is as follows:

<u>Year</u>	<u>Amount</u>
2014	488,500.00
2013	488,500.00
2012	488,500.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	1,244,163.31	576,000.00
2013	1,079,970.36	500,000.00
2012	835,400.40	465,000.00
2011	838,444.36	459,000.00
2010	969,536.68	499,000.00

Township of Frankford, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	A		1,554,546.64
Increased by Receipts:			
Stale Dated Checks Voided	A-1	830.00	
Miscellaneous Revenue Not Anticipated	A-2	271,156.33	
Taxes Receivable	A-7	18,874,930.61	
Tax Title Liens Receivable	A-8	1,373.34	
Revenue Accounts Receivable	A-10	803,629.81	
Due To State - Senior Citizen and Veteran Deductions	A-11	77,600.69	
Interfunds	A-12	393,082.64	
Various Cash Liabilities and Reserves	A-14	44,108.56	
Prepaid Taxes	A-17	199,102.84	
		<u>20,665,814.82</u>	20,665,814.82
			<u>22,220,361.46</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	3,186,561.37	
Interfunds	A-12	403,048.32	
Appropriation Reserves	A-13	24,822.36	
Various Cash Liabilities and Reserves	A-14	46,703.10	
County Taxes Payable	A-18	4,428,264.17	
District School Taxes Payable	A-19	7,237,630.00	
High School Taxes Payable	A-20	5,083,711.00	
		<u>20,410,740.32</u>	20,410,740.32
Balance - December 31, 2014	A		<u><u>1,809,621.14</u></u>

Township of Frankford, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	<u>275.00</u>
Balance - December 31, 2014	A	<u>275.00</u>
<u>Analysis of Balance:</u>		
Collector		150.00
Court Clerk		50.00
Construction Department		<u>75.00</u>
		<u>275.00</u>

Schedule of Prepaid Debt Service
Current Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	<u>4,870.21</u>
Decreased by:		
Cancelled		<u>4,870.21</u>

Township of Frankford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2014
				2013	2014				
2010	1,180.72						1,132.74	47.98	
2011	17,379.55			15,570.74			1,541.11	267.70	
2012	33,241.20			31,373.04			1,591.68	276.48	
2013	183,953.26		8,235.44	181,297.67			10,487.73		403.30
	235,754.73		8,235.44	228,241.45			14,753.26	592.16	403.30
2014	19,005,929.12		132,321.00	18,646,689.16		65,865.07	46,805.33	30,947.68	151,149.23
	235,754.73		140,556.44	18,874,930.61		65,865.07	61,558.59	31,539.84	151,552.53
	A			A-2;A-17	A-2;A-4	A-2;A-11	A-8		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	19,005,929.12
Added Tax (R.S. 54:4-63.1 et seq.)	132,321.00
	<u>19,138,250.12</u>
Tax Levy:	
County Tax	4,448,990.34
Added County Taxes	<u>30,657.85</u>
Local District School Tax	7,237,630.00
Regional High School District Tax	5,083,711.00
	<u>16,770,331.34</u>
Local Tax for Municipal Purposes	2,263,031.50
Additional Taxes	<u>104,887.28</u>
	<u>2,367,918.78</u>
	<u>19,138,250.12</u>

Township of Frankford, N.J.
Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	A		237,062.97
Increased by:			
Transferred from 2014 Taxes Receivable		46,805.33	
Transferred from 2013 Taxes Receivable		<u>14,753.26</u>	
	A-7	61,558.59	
Interest and Costs on Tax Sale		<u>6,217.40</u>	
			<u>67,775.99</u>
			304,838.96
Decreased by:			
Cancelled by Resolution			
Cash Receipts	A-4		<u>1,373.34</u>
Balance - December 31, 2014	A		<u><u>303,465.62</u></u>

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	A		<u><u>488,500.00</u></u>
Balance - December 31, 2014	A		<u><u>488,500.00</u></u>

Township of Frankford, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2014</u>
Clerk				
Licenses:				
Alcoholic Beverages	A-2	5,009.10	5,009.10	
Other Licenses	A-2	4,545.00	4,545.00	
Fees and Permits	A-2	47,463.75	47,463.75	
Municipal Court				
Fines and Costs	A-2	18,409.40	16,453.05	1,956.35
Tax Collector				
Interest and Costs on Taxes	A-2	70,606.69	70,606.69	
Interest on Investments and Deposits	A-2	5,899.21	5,899.21	
Uniform Construction Code				
Fees and Permits - Building	A-2	142,764.00	142,764.00	
Interlocal Services				
Township of Montague	A-2	16,304.52	16,304.52	
Township of Sandyston	A-2	15,788.49	15,788.49	
Energy Receipts Tax	A-2	444,470.00	444,470.00	
Consolidated Municipal Property Tax Relief Act	A-2	10,531.00	10,531.00	
Garden State Trust	A-2	10,729.00	10,729.00	
Watershed Moratorium Offset Aid	A-2	13,066.00	13,066.00	
		<u>805,586.16</u>	<u>803,629.81</u>	<u>1,956.35</u>
			A-4	A

Township of Frankford, N.J.

**Schedule of Amount Due To State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	19,379.17
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	77,600.69
		<u>96,979.86</u>
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		8,750.00
Veterans' Deductions Per Tax Billing		66,500.00
Senior Citizens' and Veterans' Deductions Allowed by Collector - Current Year		<u>2,500.00</u>
		77,750.00
Less:		
Deductions Disallowed - Current Year	A-7	<u>11,884.93</u>
		<u>65,865.07</u>
Balance - December 31, 2014	A	<u><u>31,114.79</u></u>

Township of Frankford, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2014

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance Dec. 31, 2014
		Dec. 31, 2013	Increased	Decreased	
Federal and State Grants	A	(103,810.88)	28,104.51	23,233.32	(98,939.69)
General Capital Fund			135,823.00	135,823.00	
Other Trust	A	50.48	239,120.81	235,358.32	3,812.97
		<u>(103,760.40)</u>	<u>403,048.32</u>	<u>394,414.64</u>	<u>(95,126.72)</u>
<u>Analysis</u>					
Due From Current Fund		(103,810.88)			(98,939.69)
Due To Current Fund	A-1	50.48			3,812.97
		<u>(103,760.40)</u>			<u>(95,126.72)</u>
2014 Budget Appropriations	A-3		1,332.00		
Received	A-4		134,491.00	258,591.64	
Disbursed	A-4		267,225.32	135,823.00	
			<u>403,048.32</u>	<u>394,414.64</u>	

Township of Frankford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	2.00	2.00		2.00
Municipal Clerk	11,085.96	11,085.96		11,085.96
Financial Administration	161.68	161.68		161.68
Assessment of Taxes	238.80	238.80		238.80
Collection of Taxes	190.92	190.92		190.92
Municipal Land Use Board	14.08	14.08		14.08
Zoning Board	7.04	7.04		7.04
Prosecutor	5.12	5.12		5.12
Road Repairs and Maintenance	12,372.37	12,372.37		12,372.37
Recycling	1.28	1.28		1.28
Board of Health	42.00	42.00		42.00
Construction Officials	5.28	5.28		5.28
Total Salaries and Wages Within "CAPS"	<u>24,126.53</u>	<u>24,126.53</u>		<u>24,126.53</u>
Other Expenses Within "CAPS":				
Administrative and Executive	847.36	847.36	30.81	816.55
Municipal Clerk	0.54	0.54		0.54
Codification of Ordinances	5,971.31	5,971.31		5,971.31
Elections	1,712.19	1,712.19		1,712.19
Financial Administration	2,000.00	2,000.00	27.00	1,973.00
Collection of Taxes	599.93	599.93		599.93
Legal Services and Costs	47,916.25	47,916.25	2,835.67	45,080.58
Engineering Services and Costs	7,364.12	7,364.12	2,600.50	4,763.62
Zoning Board	0.87	0.87		0.87
Emergency Management	3,198.19	3,198.19	132.23	3,065.96
Public Buildings and Grounds	940.37	940.37	208.50	731.87
Road Repairs and Maintenance	23,751.19	23,751.19	13,591.87	10,159.32
Garbage and Trash Removal	209.09	209.09	123.05	86.04
Vehicle Expense	14,536.50	14,536.50	2,333.56	12,202.94
Board of Health	1,663.51	1,663.51		1,663.51
Park Buildings and Grounds	9.07	9.07		9.07
Electricity	6,342.73	6,342.73		6,342.73

Township of Frankford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Street Lighting	1,479.71	1,479.71	285.95	1,193.76
Telephone	1,178.22	1,178.22	663.75	514.47
Fuel Oil	15,469.13	15,469.13	1,308.12	14,161.01
Gasoline	68.13	68.13		68.13
General Liability	1,231.00	1,231.00		1,231.00
Employee Group Health	7,200.72	7,200.72		7,200.72
Health Benefit Waivers	1.08	1.08		1.08
Insurance Other	1.12	1.12		1.12
Construction Officials	1,701.38	1,701.38	303.40	1,397.98
Total Other Expenses Within "CAPS"	<u>145,393.71</u>	<u>145,393.71</u>	<u>24,444.41</u>	<u>120,949.30</u>
Total Operations Within "CAPS"	<u>169,520.24</u>	<u>169,520.24</u>	<u>24,444.41</u>	<u>145,075.83</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System	9,472.00	9,472.00		9,472.00
Defined Contribution Retirement Program	100.00	100.00		100.00
Social Security (O.A.S.I.)	6,830.19	6,830.19		6,830.19
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>16,402.19</u>	<u>16,402.19</u>		<u>16,402.19</u>
Total General Appropriations within "CAPS"	<u>185,922.43</u>	<u>185,922.43</u>	<u>24,444.41</u>	<u>161,478.02</u>
Salaries & Wages Excluded From "CAPS":				
Municipal Court	1,363.38	1,363.38		1,363.38
Total Salary & Wages Excluded From "CAPS"	<u>1,363.38</u>	<u>1,363.38</u>		<u>1,363.38</u>

Township of Frankford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Municipal Court	3,575.75	3,575.75	377.95	3,197.80
Township of Montague - Chief Financial Officer	<u>992.17</u>	<u>992.17</u>		<u>992.17</u>
Total Other Expenses Excluded From "CAPS"	<u>4,567.92</u>	<u>4,567.92</u>	<u>377.95</u>	<u>4,189.97</u>
Total Operations Excluded From "CAPS"	<u>5,931.30</u>	<u>5,931.30</u>	<u>377.95</u>	<u>5,553.35</u>
Public and Private Programs Offset By Revenues				
Matching Funds for Grants	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>
Total General Appropriations Excluded from "CAPS"	<u>5,932.30</u>	<u>5,932.30</u>	<u>377.95</u>	<u>5,554.35</u>
Total Reserves	<u>191,854.73</u>	<u>191,854.73</u>	<u>24,822.36</u>	<u>167,032.37</u>
	A		A-4	A-1

Township of Frankford, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2014</u>
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Due State of NJ DCA Training Fees	1,755.00	21,437.00	5,994.00	17,198.00
Due State of NJ Marriage License Fees	250.00	575.00	725.00	100.00
Tax Overpayments	23,340.18	22,096.56	32,647.60	12,789.14
<u>Reserves for:</u>				
Master Plan	31,041.25		7,336.50	23,704.75
Sale of Municipal Assets	20,739.74			20,739.74
Reassessment	2,955.00			2,955.00
	<u>80,081.17</u>	<u>44,108.56</u>	<u>46,703.10</u>	<u>77,486.63</u>
	A	A-4	A-4	A

Township of Frankford, N.J.

Schedule of Deferred Charges

N.J.S.A. 40A:4-55 Special Emergency

Current Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2013</u>	<u>Reduced in 2014</u>	<u>Balance, Dec. 31, 2014</u>
Preparation of a Master Plan	04/19/11	45,000.00	9,000.00	27,000.00	9,000.00	18,000.00
Reassessment of Real Taxes	09/25/12	125,000.00	25,000.00	100,000.00	25,000.00	75,000.00
				<u>127,000.00</u>	<u>34,000.00</u>	<u>93,000.00</u>
				<u>A</u>	<u>A-3</u>	<u>A</u>

Township of Frankford, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Increased by:		
Transfer from Current Appropriations	A-3	<u>17,907.27</u>
Balance - December 31, 2014	A	<u>17,907.27</u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	196,793.65
Increased by:		
Receipts - Prepaid 2015 Taxes	A-4	<u>199,102.84</u>
		395,896.49
Decreased by:		
Applied to 2014 Taxes	A-7	<u>196,793.65</u>
Balance - December 31, 2014	A	<u>199,102.84</u>

Township of Frankford, N.J.
Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	9,931.68
Increased by:		
Levy- 2014	A-7	4,418,332.49
Added and Omitted Taxes	A-7	<u>30,657.85</u>
	A-1	<u>4,448,990.34</u>
		4,458,922.02
Decreased by:		
Payments	A-4	<u>4,428,264.17</u>
Balance - December 31, 2014	A	<u><u>30,657.85</u></u>

Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Increased by:		
Levy - 2014	A-1;A-7	<u><u>7,237,630.00</u></u>
Decreased by:		
Payments	A-4	<u><u>7,237,630.00</u></u>

Township of Frankford, N.J.
Schedule of Regional High School Taxes Payable
Current Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Increased by: Levy- 2014	A-1;A-7	<u>5,083,711.00</u>
Decreased by: Payments	A-4	<u>5,083,711.00</u>

Township of Frankford, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Dec. 31, 2013</u>			<u>Dec. 31, 2014</u>
Current Fund	A	<u>103,810.88</u>	<u>23,233.32</u>	<u>28,104.51</u>	<u>98,939.69</u>
Matching Funds	A-23		1,332.00		
Appropriated Grants	A-23			28,104.51	
Unappropriated Grants	A-24		<u>21,901.32</u>		
			<u>23,233.32</u>	<u>28,104.51</u>	

Township of Frankford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	<u>Budget Revenue</u>	<u>Transfer from Unappropriated Reserves</u>
Clean Communities Program	20,236.39	20,236.39
Recycling Tonnage Grant	<u>5,072.27</u>	<u>5,072.27</u>
	<u>25,308.66</u>	<u>25,308.66</u>
	A-2	A-24

Township of Frankford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>From 2014</u> <u>Budget</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Municipal Alliance Program				
State Share	18,403.82		4,297.95	14,105.87
Municipal Share	2,439.52	1,332.00	3,771.52	
Recycling Tonnage Grant	15,124.38	5,072.27		20,196.65
Clean Communities Program	39,412.91	20,236.39	20,035.04	39,614.26
Statewide Local Domestic Preparedness Equip.	3,121.59			3,121.59
	<u>78,502.22</u>	<u>26,640.66</u>	<u>28,104.51</u>	<u>77,038.37</u>
	A			A
State Grant Fund	A-3	25,308.66		
Interfund - Current Fund	A-21	<u>1,332.00</u>	<u>28,104.51</u>	
		<u>26,640.66</u>	<u>28,104.51</u>	

Township of Frankford, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>Transfer To Appropriated Reserves</u>	<u>Received</u>	<u>Balance Dec. 31, 2014</u>
Recycling Tonnage Grant	5,072.27	5,072.27	2,918.55	2,918.55
Clean Communities	20,236.39	20,236.39	18,982.77	18,982.77
	<u>25,308.66</u>	<u>25,308.66</u>	<u>21,901.32</u>	<u>21,901.32</u>
	A	A-22	A-21	A

Township of Frankford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2013	B	<u>22,542.25</u>	<u>1,894,760.63</u>
Increased by Receipts:			
Dog License Fees - Township	B-2	3,915.00	
Late Fees / Miscellaneous	B-2	335.46	
Accounts Receivable - Health Insurance	B-5		11,898.40
Dog License Fees - State Share	B-7	1,338.00	
Prepaid Dog Licenses	B-3	5,040.00	
Interfund - Current Fund	B-6	32.09	30,438.04
Other Trust Funds	B-8		<u>1,716,238.30</u>
Total Receipts		<u>10,660.55</u>	<u>1,758,574.74</u>
		<u>33,202.80</u>	<u>3,653,335.37</u>
Decreased by Disbursements:			
Interfund - Other Trust Fund	B-6	32.09	26,675.55
Reserve for Animal Control			
Trust Fund Expenditures	B-2	18,064.29	
State Share - Dog Licenses	B-7	1,650.00	
Other Trust Funds	B-8		<u>2,218,489.49</u>
Total Disbursements		<u>19,746.38</u>	<u>2,245,165.04</u>
Balance - December 31, 2014	B	<u>13,456.42</u>	<u>1,408,170.33</u>

Township of Frankford, N.J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	B		14,149.65
Increased by:			
Dog License Fees	B-1	3,915.00	
Late Fees / Miscellaneous	B-1	335.46	
Prepaid Dog Licenses	B-3	<u>7,050.00</u>	
			<u>11,300.46</u>
			25,450.11
Decreased by:			
Cash Expenditures	B-1	18,064.29	
Reserve for Encumbrances	B-4	<u>133.60</u>	
			<u>18,197.89</u>
Balance - December 31, 2014	B		<u><u>7,252.22</u></u>
	<u>Year</u>		
	2012		13,190.00
	2013		<u>12,045.00</u>
			<u><u>25,235.00</u></u>

Township of Frankford, N.J.
Schedule of Pre-Paid Dog Licenses
Trust Funds
Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	B		8,080.00
Increased by:			
Cash Received in 2014 for 2014		1,680.00	
Cash Received in 2014 for 2015		1,680.00	
Cash Received in 2014 for 2016		<u>1,680.00</u>	
	B-1		<u>5,040.00</u>
			13,120.00
Decreased by:			
Applied to Reserves	B-2		<u>7,050.00</u>
Balance - December 31, 2014	B		<u><u>6,070.00</u></u>

Township of Frankford, N.J.

Schedule of Reserve For Encumbrances

Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>		
Increased by:			
Reserve for Animal Control	B-2	133.60	
Various Reserves	B-8	<u>3,976.00</u>	
			<u>4,109.60</u>
Balance - December 31, 2014	B		<u><u>4,109.60</u></u>

<u>Analysis:</u>		
Animal Control Trust Fund		133.60
Other Trust Fund		<u>3,976.00</u>
		<u><u>4,109.60</u></u>

Township of Frankford, N.J.

Schedule of Accounts Receivable - Medical Insurance

Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	B	17,041.37
Decreased by:		
Cash Receipts	B-1	<u>11,898.40</u>
Balance - December 31, 2014	B	<u><u>5,142.97</u></u>

Township of Frankford, N.J.

Schedule of Interfund Receivable/(Payable)

Other Trust Fund

Year Ended December 31, 2014

	Due (to)/from Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due (to)/from Balance <u>Dec. 31, 2014</u>
<u>Animal Control Trust Fund:</u>				
Current Fund		32.09	32.09	
<u>Trust Fund</u>				
Current Fund	(50.48)	26,675.55	30,438.04	(3,812.97)
	<u>(50.48)</u>	<u>26,707.64</u>	<u>30,470.13</u>	<u>(3,812.97)</u>
	B			B
	<u>Ref.</u>			
Animal Control Cash Receipts	B-1		32.09	
Animal Control Cash Disbursements	B-1	32.09		
Other Trust Cash Receipts	B-1		30,438.04	
Other Trust Cash Disbursements	B-1	26,675.55		
		<u>26,707.64</u>	<u>30,470.13</u>	

Township of Frankford, N.J.

Schedule of Due To State Department of Health

Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	B	312.60
Increased by:		
State Fees Collected for 2014		778.80
State Fees Collected for 2015		279.60
State Fees Collected for 2016		279.60
	B-1	<u>1,338.00</u> 1,650.60
Decreased by:		
Paid to State	B-1	<u>1,650.00</u>
Balance - December 31, 2014	B	<u><u>0.60</u></u>

Township of Frankford, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Escrow Deposits	103,114.47	35,244.22	43,710.91	94,647.78
Security Deposits	23,719.25	40,603.37	28,044.29	36,278.33
Unemployment Comp. Insurance	32,462.41	19,940.19		52,402.60
Municipal Alliance Program	6,860.24	14,823.21	11,237.70	10,445.75
Open Space	719,799.08	3,975.00	347,282.37	376,491.71
Tax Sale Premiums	94,400.00	129,500.00	151,300.00	72,600.00
P.O.A.A.	9.00			9.00
Small Cities	63,232.62		892.50	62,340.12
Performance Bonds	67,893.82	1,200.00	11,226.54	57,867.28
Accumulated Sick Leave	20,237.59	10,000.00	4,730.00	25,507.59
Public Defender		4,416.50		4,416.50
Housing Trust	519,998.72	36,601.56	160,000.00	396,600.28
Payroll		1,298,877.50	1,298,840.36	37.14
Road Trust	54,854.63			54,854.63
Fire Safety	57,333.61	28,074.10	25,675.17	59,732.54
Road Openings	4,078.75			4,078.75
Outside Liens	16,990.89	64,873.03	67,250.07	14,613.85
Snow Trust	126,766.44	28,109.62	72,275.58	82,600.48
	<u>1,911,751.52</u>	<u>1,716,238.30</u>	<u>2,222,465.49</u>	<u>1,405,524.33</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1	1,716,238.30		
Cash Disbursements	B-1		2,218,489.49	
Reserve for Encumbrances	B-4		3,976.00	
		<u>1,716,238.30</u>	<u>2,222,465.49</u>	

Township of Frankford, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	C		219,726.41
Increased by Receipts:			
Premium on Bond Anticipation Notes	C-1	2,083.00	
Interfund Current	C-4	313.72	
State Grants Receivable	C-5	135,823.20	
Deferred Charges to Future Taxation - Unfunded	C-7	22,500.00	
Capital Reserves	C-10	<u>55,679.90</u>	
			<u>216,399.82</u>
			436,126.23
Decreased by Disbursements:			
Interfund Current	C-4	313.72	
Improvement Authorizations	C-9	<u>144,985.93</u>	
			<u>145,299.65</u>
Balance - December 31, 2014	C		<u><u>290,826.58</u></u>

Township of Frankford, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2014

	Balance Dec. 31, 2013	Receipts		Disbursements			Transfers		Balance Dec. 31, 2014
		Funded by Budget Approp.	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	68,582.41		2,083.00						70,665.41
Capital Improvement Fund	163,646.46					(10,000.00)			199,343.90
Due Current Fund			313.72		313.72				
New Jersey Grants Receivable	(37,500.00)		135,823.20			(132,500.00)			(34,176.80)
Reserve For:									
Purchase of Equipment	104,404.88	55,679.90							160,084.78
Imp. to Renovations to Mun. Bldg.	36,800.00								36,800.00
Improvements to Roads	37,454.29								37,454.29
Improvement to Parks	475.78								475.78
Improvement Authorizations									
<u>Ordinance</u>									
04-04 Land Purchase	(180,500.00)		10,000.00						(170,500.00)
05-12 George Hill Road Section II	(224,500.00)		12,500.00						(212,000.00)
13-06 Various Road Improvements	68,680.63			12,309.23					56,371.40
13-07 Roof Replacement of DPW Garage	128,827.32			120,214.00					8,613.32
13-08 Resurfacing of Plains Road, Section II	53,354.64			7,657.20		(45,697.44)			
14-07 Resurfacing of Plains Road, Section II				4,805.50					
	<u>219,726.41</u>	<u>55,679.90</u>	<u>160,719.92</u>	<u>140,180.43</u>	<u>313.72</u>	<u>(188,197.44)</u>	<u>142,500.00</u>	<u>188,197.44</u>	<u>290,826.58</u>
	C							C	

Township of Frankford, N.J.

Schedule of Interfunds Receivables/(Payables)

General Capital Fund

Year Ended December 31, 2014

	<u>Increased</u>	<u>Decreased</u>
Current Fund	<u>313.72</u>	<u>313.72</u>
	C-2	C-2

Township of Frankford, N.J.
Schedule of New Jersey Grants Receivable
General Capital Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	C	37,500.00
Increased by:		
Improvement Authorizations	C-9	<u>132,500.00</u>
		170,000.00
Decreased by:		
Cash Receipts	C-2	<u>135,823.20</u>
Balance - December 31, 2014	C	<u><u>34,176.80</u></u>

Township of Frankford, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	C	170,875.20
Decreased by:		
Budget Appropriation to Pay Green Trust Loan Payable	C-12	<u>20,827.62</u>
Balance - December 31, 2014	C	<u><u>150,047.58</u></u>

Township of Frankford, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2014

Ord. Number	Ord. Date	Improvement Description	Balance Dec. 31, 2013	Notes Paid By Budget Appropriation	Budget Appropriations	Cancelled	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014		
								Financed by Bond Anticipation Notes	Over Funded Ordinance	Expended
05-12	05/17/05	George Hill Road Section II	224,500.00		12,500.00		212,000.00			212,000.00
04-04	08/17/04	Land Purchase	180,500.00		10,000.00		170,500.00			170,500.00
13-06	06/11/13	Various Road Improvements	600,000.00	300,000.00		56,371.40	243,628.60	300,000.00	56,371.40	
13-07	06/11/13	Roof Replacement of DPW Garage	123,500.00	42,000.00		8,613.32	72,886.68	81,500.00	8,613.32	
			<u>1,128,500.00</u>	<u>342,000.00</u>	<u>22,500.00</u>	<u>64,984.72</u>	<u>699,015.28</u>	<u>381,500.00</u>	<u>64,984.72</u>	<u>382,500.00</u>
			C	C-11	C-2;C-13	C-9	C	C-11		

Township of Frankford, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	C	163,646.46
Increased by:		
Improvement Authorizations Cancelled	C-9	<u>45,697.44</u> 209,343.90
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>10,000.00</u>
Balance - December 31, 2014	C	<u><u>199,343.90</u></u>

Township of Frankford, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2013		2014 Authorizations	Expended	Cancelled	Balance Dec. 31, 2014
				Funded	Unfunded				
	General Improvements:								
13-06	Various Road Improvements	06/11/13	900,000.00		68,680.63		12,309.23	56,371.40	
13-07	Roof Replacement of DPW Garage	06/11/13	130,000.00	5,327.32	123,500.00		120,214.00	8,613.32	
13-08	Resurfacing of Plains Road, Section 1	07/16/13	235,000.00	53,354.64			7,657.20	45,697.44	
14-07	Plains Road Section II	09/09/14	142,500.00			142,500.00	4,805.50		137,694.50
				<u>58,681.96</u>	<u>192,180.63</u>	<u>142,500.00</u>	<u>144,985.93</u>	<u>110,682.16</u>	<u>137,694.50</u>
				C	C		C-2		C
	State Grants Receivable					132,500.00		64,984.72	
	Deferred Charges to Future Taxation - Unfunded					10,000.00		45,697.44	
	Capital Improvement Fund					<u>142,500.00</u>		<u>110,682.16</u>	

Township of Frankford, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2014

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Purchase of Road Equipment	104,404.88	55,679.90	160,084.78
Imp. to Renovations to Mun. Bldg.	36,800.00		36,800.00
Improvements to Roads	37,454.29		37,454.29
Improvements to Parks	475.78		475.78
	<u>179,134.95</u>	<u>55,679.90</u>	<u>234,814.85</u>
	C	C-2	C

Township of Frankford, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2014

Ord. No./Date	Improvement Description	Date of		Interest Rate	Date of Maturity	Balance		Decreased	Balance Dec. 31, 2014
		Original Issue	Issue			Dec. 31, 2013	Increased		
13-06	Various Road Improvements	08/13/13	08/13/13	08/12/14	1.00%	600,000.00		600,000.00	300,000.00
			08/12/14	08/11/15	1.50%		300,000.00		
13-07	Roof Replacement of DPW Garage	08/13/13	08/13/13	08/12/14	1.00%	123,500.00		123,500.00	81,500.00
			08/12/14	08/11/15	1.50%		81,500.00		
						<u>723,500.00</u>		<u>723,500.00</u>	<u>381,500.00</u>
						C			C
					Ref.				
					Renewals				
					Funded by Budget Appropriation				
					C-7				
						<u>381,500.00</u>		<u>381,500.00</u>	
								<u>342,000.00</u>	
						<u>381,500.00</u>		<u>723,500.00</u>	

Township of Frankford, N.J.

Schedule of Green Trust Loan Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
			Date	Amount				
Green Acres Loan	10/28/1998	150,000.00	02/10/2015 - 02/10/2018	See Notes	2.00%	40,810.43	8,755.80	32,054.63
			08/10/2015 - 08/10/2017					
Green Acres Loan	11/01/1995	75,000.00	02/01/2015 - 02/01/2015	See Notes	2.00%	9,098.86	4,504.17	4,594.69
			08/10/2015 - 08/10/2015					
Green Acres Loan	01/08/2008	160,000.00	04/01/2015 - 04/01/2027	See Notes	2.00%	120,965.91	7,567.65	113,398.26
						C	C-6	C

Township of Frankford, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2014

Ord. No.	Date	Improvement Description	Balance Dec. 31, 2013	Raised in Budget	Balance Dec. 31, 2014
		General Improvements:			
05-12	05/17/05	George Hill Road Section II	224,500.00	12,500.00	212,000.00
04-04	08/17/04	Land Purchase	180,500.00	10,000.00	170,500.00
			<u>405,000.00</u>	<u>22,500.00</u>	<u>382,500.00</u>
			Footnote C	C-7	Footnote C

Township of Frankford, N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2014

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>Account #1</u>
Balance - December 31, 2013	D;D-3	<u>2,876.20</u>
Balance - December 31, 2014	D;D-3	<u>2,876.20</u>

Township of Frankford, N.J.

Schedule of Cash and Reconciliation Per N.J.S.A. 40A:5-5

Public Assistance Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2014	D-1	<u><u>2,876.20</u></u>
Balance - March 31, 2015		<u><u>2,876.20</u></u>
<u>Reconciliation - March 31, 2015</u>		<u>P.A.T.F.</u>
Balance on Deposit per Statement of:		<u>Account #1</u>
Sussex Bank		
Checking		2,876.20
Balance - March 31, 2015		<u><u>2,876.20</u></u>

Township of Frankford, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	D-1	<u>2,876.20</u>
Balance - December 31, 2014	D-1	<u>2,876.20</u>
<u>Reconciliation - December 31, 2014</u>		<u>P.A.T.F.</u> <u>Account #1</u>
Balance on Deposit per Statement of: Sussex Bank Checking		2,876.20
Balance - December 31, 2014		<u>2,876.20</u>

Township of Frankford, N.J.

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	D	<u><u>2,876.20</u></u>
Balance - December 31, 2014	D	<u><u>2,876.20</u></u>

TOWNSHIP OF FRANKFORD

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT 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

Honorable Mayor and
Members of the Township Committee
Township of Frankford
Augusta, New Jersey 07822

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Township of Frankford in the County of Sussex as of and for the year ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated April 24, 2015, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Frankford's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Frankford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Frankford'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Honorable Mayor and
Members of the Township Committee
Page 2

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

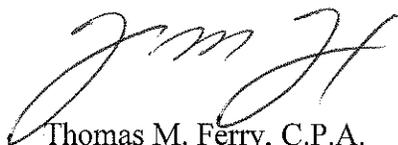
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Frankford's financial statements-regulatory basis 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Frankford in the accompanying comments and recommendations section of this report.

Purpose of this Report

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



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

April 24, 2015



GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified, by independent certificates obtained from the depositories, as of December 31, 2014 and April 24, 2015, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

N.J.S. 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, or \$21,000 effective July 1, 2005, 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, or \$29,000 effective July 1, 2005. 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 contracts 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.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 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 subsection 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."

GENERAL COMMENTS (CONTINUED)

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

Effective January 1, 2011, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$36,000.00.

The Governing Body of the Township of Frankford have 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.

The minutes indicated the 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 for Township Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Township Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

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

Our review of the Township's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body, on January 1, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 54:4-67 has been amended to define a tax delinquency as follows:

"Delinquency means the sum of all taxes and municipal charges due on any given parcel of property covering any number of quarters or years. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency prior to the end of a calendar year. The penalty so fixed shall not exceed six (6%) percent of the amount of the delinquency," and

WHEREAS, NJSA 54:5-61 has been amended relating to the amount to be charged on account of a tax sale certificate as follows:

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

“When the taxes, interest and costs so exceed the sum of \$5,000.00 (five thousand dollars), such additional sum shall be equal to four (4%) percent of such amount paid; and when that sum exceeds the sum of \$10,000.00 (ten thousand dollars), such additional sum shall be equal to six (6%) percent of such amount paid. This section shall also apply to all existing certificates held by municipalities on the effective date of this act,” and

WHEREAS, in order for the aforesaid additional penalty of six (6%) percent of the amount of the delinquency in excess of \$10,000.00 (ten thousand dollars) to become effective, the Township is required to enact this enabling Resolution.

NOW, THEREFORE BE IT RESOLVED by the Township Committee of the Township of Frankford that the intent and purpose of the aforesaid two statutory changes are hereby implemented and effective January 01, 2014 a penalty of six (6%) percent of any tax delinquency incurred prior to the end of the calendar year, and

BE IT FURTHER RESOLVED that the Township of Frankford hereby charges such additional six (%) percent penalty on all existing tax sale certificates held by the Township where said sum exceeds \$10,000.00 (ten thousand dollars), which penalty shall be applied to all certificates presently held by the Township as well as those which may be subsequently acquired by it as a result of future tax sales, and

BE IT FURTHER RESOLVED that the rate of interest to be charged by the Township of Frankford for the non-payment of taxes or assessments on or before the date that the same shall become delinquent, according to NJSA 54:4-67 in such case made and provided, be and is hereby fixed at the rate of eight (8%) percent per annum on the first \$1,500.00 (fifteen hundred dollars) of delinquency and eighteen (18%) percent per annum on any amount in excess, said interest to be charged upon the whole or any portion of any taxes or any payment to installment thereof remaining delinquent, provided that no interest as aforesaid shall be charged if the payment of any installment is made within ten days after the date upon which the same shall have become payable.

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

Delinquent Taxes and Tax Title Liens

The last tax sales were held on February 6 and October 16, 2014 and were complete except for prior years balances which are properties in bankruptcy.

Inspection of tax sale certificates on file, revealed that all tax sale certificates were available for audit.

GENERAL COMMENTS (CONTINUED)

Delinquent Taxes and Tax Title Liens (continued)

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	23
2013	20
2012	20

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.

The result of the test which was made as of December 31, 2014 is not yet known, but a separate report will be rendered if any irregularities are detected. In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Municipal Court

The report required by statute covering the accounts of the Municipal Court, has been filed under separate cover with the Judge, Township Clerk and Division of Local Government Services. We noted however, that there are internal control problems that are throughout the State of New Jersey Municipal Court system caused by the implementation of the Automated Traffic System and the Automated Complaint System.

Finance

1. The analysis of General Capital Fund cash includes cash deficits for Ordinances over 5 years old.

Management Response:

The Township is aware of this and is funding through future budgets.

GENERAL COMMENTS (CONTINUED)

Finance (continued)

2. In some cases, purchases are being made prior to obtaining a requisition or purchase order.

Management Response:

All attempts will be made to obtain a requisition/purchase order prior to purchases.

Outside Offices

1. It was noted that the Construction Department cash receipts were not deposited within 48 hours.

Management Response:

The Construction Department will try to deposit cash receipts within 48 hours.

Minutes of Meetings

1. A cash management plan is not being approved in the minutes.

Management Response:

A cash management plan will be approved in the minutes.

RECOMMENDATIONS

1. That Ordinances with a cash deficit over 5 years be funded.
2. That the Construction Department cash receipts be deposited within 48 hours.
3. That a cash management plan be approved in the minutes.
4. That requisitions/purchase orders be obtained prior to purchase of goods or services.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which are included in this years recommendations:

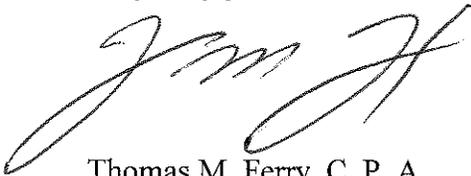
1. That Ordinances with a cash deficit over 5 years be funded.
2. That all cash receipts be deposited within 48 hours.
3. That a cash management plan be approved in the minutes.
4. That requisitions/purchase orders be obtained prior to purchase of goods or services.

* * * * *

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,



Thomas M. Ferry, C. P. A.,
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants