

TOWNSHIP OF VERNON

COUNTY OF SUSSEX

REPORT OF AUDIT

2014

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
REPORT OF AUDIT
2014

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TOWNSHIP OF VERNON

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014



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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Vernon, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Mayor and Members
of the Township Council
Township of Vernon
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015 on our consideration of the Township'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's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 4, 2015


NISIVOCCIA LLP



Francis J. Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
CURRENT FUND

TOWNSHIP OF VERNON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer		\$ 5,449,644.09	\$ 5,512,831.49
Investment - Treasurer		201,598.76	201,170.32
	A-4	5,651,242.85	5,714,001.81
Change Funds		795.00	775.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions		56,248.91	57,535.88
		5,708,286.76	5,772,312.69
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,671,019.16	1,829,946.39
Tax Title Liens Receivable	A-8	4,035,425.90	3,881,046.89
Property Acquired for Taxes at Assessed			
Valuation		3,334,700.00	2,764,600.00
Internal Revenue Service Receivable		91,614.41	91,614.41
Ameripay Receivable		268,615.99	268,615.99
Due from Vernon Township MUA		320,826.27	520,826.27
Due from Mountain Creek			4,300.00
Due from PVL Dam Association		6,082.03	12,164.06
Due from Assessment Trust Fund	B	22.10	
Total Receivables and Other Assets		9,728,305.86	9,373,114.01
With Full Reserves			
Deferred Charges:			
Emergency Authorization		2,000.00	38,063.00
Special Emergency Authorizations		600,000.00	600,000.00
		602,000.00	638,063.00
Total Regular Fund		16,038,592.62	15,783,489.70
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	595,150.81	208,638.42
Due from Current Fund	A	307,396.35	265,189.82
		902,547.16	473,828.24
<u>TOTAL ASSETS</u>		\$ 16,941,139.78	\$ 16,257,317.94

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

		December 31,	
	Ref.	2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 998,444.63	\$ 735,038.08
Encumbered	A-3;A-11	258,519.25	340,304.10
Total Appropriation Reserves		1,256,963.88	1,075,342.18
Accounts Payable - Vendors			19,500.00
Accrued Payroll		4,838.56	59,168.14
Other Encumbrances Payable		148,375.62	16,541.63
Special Emergency Notes		600,000.00	600,000.00
Prepaid Taxes		471,463.81	411,038.55
Tax Overpayments		272,846.59	
Due to Wantage Township Fire Prevention			1,000.00
Due County for Added and Omitted Taxes		13,890.95	36,992.21
Due to:			
Federal and State Grant Fund	A	307,396.35	265,189.82
Other Trust Funds	B	9,855.13	9,855.13
State of New Jersey:			
Marriage License Fees		800.00	700.00
Reserve for:			
Tax Appeals		333,000.00	333,000.00
Codification of Ordinances		11,690.23	11,690.23
Master Plan		3,422.64	3,422.64
Revaluation		23,157.86	27,647.86
Sale of Municipal Assets - Attorney Fees		200.00	200.00
Damages from Hurricane Irene and Tropical Storm Lee		1,310.00	1,340.00
Hurricane Irene - FEMA Payments			184,980.70
Reserve for Tax Maps		18,000.00	
		3,477,211.62	3,057,609.09
Reserve for Receivables and Other Assets	A	9,728,305.86	9,373,114.01
Fund Balance	A-1	2,833,075.14	3,352,766.60
Total Regular Fund		16,038,592.62	15,783,489.70
Federal and State Grant Fund:			
Appropriated Reserves	A-13	650,177.16	315,665.61
Unappropriated Reserves	A-14	5,000.00	13,433.68
Reserve for Encumbrances		247,370.00	144,728.95
Total Federal and State Grant Fund		902,547.16	473,828.24
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 16,941,139.78	\$ 16,257,317.94

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

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

		Year Ended December 31,	
	Ref.	2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,200,000.00	\$ 943,000.00
Miscellaneous Revenue Anticipated		6,573,485.57	5,354,066.28
Receipts from:			
Delinquent Taxes		1,754,709.84	1,653,825.11
Current Taxes		67,580,208.44	68,401,826.25
Nonbudget Revenue		186,389.88	396,936.12
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		484,121.64	492,007.00
Cancellation of Accounts Payable			476.00
Cancellation of Appropriated Grant Reserves			2,518.35
Cancellation of Reserve for Tax Appeals			300,000.00
Interfunds and Other Receivables Returned		210,382.03	1,461.38
Total Income		<u>77,989,297.40</u>	<u>77,546,116.49</u>
<u>Expenditures</u>			
Budget Appropriations		22,150,779.92	20,737,440.50
County Taxes		13,146,968.49	13,138,160.57
Local School District Taxes		41,632,441.00	42,251,468.00
Prior Year Taxes Applied to Prepaid Taxes		3,108.33	
Prior Year Taxes Applied to 2013 Taxes		1,059.20	
Prior Year Taxes Applied to 2014 Taxes		241,761.98	1,881.50
Prior Year Taxes Applied to Overpayment		272,846.59	
Refund of Prior Year Taxes		61,501.49	2,452.01
Refund of Prior Year Taxes - Encumbrance Payable		249.76	
Prior Year Senior Citizens' Deductions Disallowed		250.00	
Cancellation of Federal and State Grant Fund Receivables			2,518.35
To set up Receivable Fully Offset by Reserves:			
Due from Mountain Creek			4,300.00
Due from PVL Dam Association			12,164.06
Interfunds and Other Receivables Advanced		22.10	
Total Expenditures		<u>77,510,988.86</u>	<u>76,150,384.99</u>
Excess in Revenue		478,308.54	1,395,731.50
Adjustments before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>202,000.00</u>	<u>38,063.00</u>
Statutory Excess to Fund Balance		680,308.54	1,433,794.50
<u>Fund Balance</u>			
Balance January 1		<u>3,352,766.60</u>	<u>2,861,972.10</u>
		4,033,075.14	4,295,766.60
Decreased by:			
Utilized as Anticipated Revenue		<u>1,200,000.00</u>	<u>943,000.00</u>
Balance December 31	A	\$ 2,833,075.14	\$ 3,352,766.60

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

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

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,200,000.00		\$ 1,200,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	8,000.00		11,129.42	\$ 3,129.42
Other				
Fees and Permits	134,245.00		129,234.08	5,010.92 *
Fines and Costs:				
Municipal Court	135,000.00		155,721.64	20,721.64
Interest and Costs on Taxes	151,000.00		369,803.94	218,803.94
Interest on Investments and Deposits	14,000.00		20,070.96	6,070.96
Recycling Receipts	108,000.00		97,883.69	10,116.31 *
Energy Receipts Tax	1,862,248.00		1,862,248.00	
Watershed Moratorium Aid	294,455.00		294,455.00	
Garden State Trust Payment in Lieu of Taxes	105,963.00		105,963.00	
Uniform Construction Code Fees	360,000.00		466,435.00	106,435.00
Interlocal Service Agreement - 911 Communications:				
Township of Wantage	68,700.00		70,000.00	1,300.00
Borough of Sussex	16,300.00		16,053.00	247.00 *
Interlocal Service Agreement - Animal Control Services:				
Borough of Sussex	9,581.00		9,581.00	
Interlocal Service Agreement - Financial Services:				
Borough of Sussex	19,560.00		19,560.00	
Vernon MUA	26,520.00		26,520.00	
Interlocal Service Agreement - Administrative:				
Vernon MUA	45,000.00		45,000.00	
Interlocal Service Agreement- Dept of Public Works:				
Vernon MUA	100,000.00		98,180.16	1,819.84 *
Interlocal Service Agreement- Senior Citizens				
County of Sussex	22,700.00		20,808.26	1,891.74 *
Drunk Driving Enforcement Fund - 2014		\$ 10,982.91	10,982.91	
Clean Communities Program - 2014		46,210.09	46,210.09	
Alcohol Education and Rehabilitation Fund		2,185.96	2,185.96	
Municipal Alliance on Alcoholism and Drug Abuse:				
2013		10,233.50	10,233.50	
2014	20,467.00		20,467.00	
Safe and Secure Communities Program (P.L.1994, Chapter 220):				
2012	6,182.00		6,182.00	
2013	55,000.00		55,000.00	
Body Armor Fund:				
State - 2013	3,811.00		3,810.22	0.78 *
State - 2014		3,199.24	3,199.24	
Federal		4,092.24	4,092.24	
NJ Division of Highway Traffic Safety:				
Drive Sober or Get Pulled Over:				
2014	4,400.00		4,400.00	
Statewide Holiday Crackdown		7,500.00	7,500.00	
Statewide Labor Day Crackdown		5,000.00	5,000.00	

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

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):				
NJ Division of Highway Traffic Safety:				
Distracted Driver Crackdown	\$ 5,000.00		\$ 5,000.00	
NJ Highlands Water Protection & Planning Council:				
Highlands Plan Conformance Grant	107,552.00		107,552.00	
Highlands TDR Feasibility Grant	40,000.00		40,000.00	
Recreational Opportunities for Individuals with Disabilities Grant:				
State Share		\$ 10,000.00	10,000.00	
Volunteer Firefighter Assistance Grant - 2013	3,442.00		3,441.46	\$ 0.54 *
NJ Department of Environmental Protection:				
No Net Loss Grant - 2014	354,960.00		354,960.00	
Uniform Fire Safety Act	29,000.00		38,981.52	9,981.52
General Capital Surplus	51,901.00		51,901.00	
Assessment Trust Surplus	10,000.00			10,000.00 *
Lot Development Plan	2,200.00		5,500.00	3,300.00
Hotel Occupancy Fee (P.L.2003, c.114)	216,000.00		239,807.83	23,807.83
Reserve to Pay Debt Service	143,781.00		143,781.25	0.25
Interest on Pleasant Valley Lake Dam Loan	12,774.00		12,774.00	
SCMUA Bill & Interest to be Repaid by VTMUA	1,381,568.00		1,376,895.50	4,672.50 *
Reserve for Hurricane Irene - FEMA Payments	184,000.00		184,980.70	980.70
Total Miscellaneous Revenue	6,113,310.00	99,403.94	6,573,485.57	360,771.63
Receipts from Delinquent Taxes	1,800,000.00		1,754,709.84	45,290.16 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	15,135,306.00		15,178,364.95	43,058.95
Budget Totals	24,248,616.00	99,403.94	24,706,560.36	\$ 358,540.42
Nonbudget Revenue			186,389.88	
	<u>\$ 24,248,616.00</u>	<u>\$ 99,403.94</u>	<u>\$ 24,892,950.24</u>	

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

Allocation of Current Tax Collections

Collections		\$ 67,580,208.44
Allocated to:		
County Taxes	\$ 13,133,077.54	
Due to County for Added and Omitted Taxes	13,890.95	
School Taxes	<u>41,632,441.00</u>	
		<u>54,779,409.49</u>
		12,800,798.95
Add: Appropriation "Reserve for Uncollected Taxes"		<u>2,377,566.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 15,178,364.95</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 1,716,656.51
Tax Title Liens Redeemed	<u>38,053.33</u>
	<u><u>\$ 1,754,709.84</u></u>

Analysis of Nonbudget Revenue:

Treasurer:

Notary Fees	\$ 464.00	
Returned Check Fees	300.00	
National Wildlife in Lieu of Tax	11,543.00	
Cable TV Franchise Fee	86,306.00	
Administrative Fee - Senior Citizens and Veterans Deductions	4,023.21	
Other Miscellaneous Receipts	3,249.43	
Prior Years Pleasant Valley Expenses	6,863.24	
NJ DMV Inspection Fines	750.00	
Premium Account Escheated to Current	12,700.00	
Prior Year Expenses	34,326.96	
Restitution	520.00	
CAP Refund, Sussex Rural Cooperative	508.83	
Refunding Bond Premium	9,193.50	
Wantage Fire Prevention Fees	844.00	
Geographic Information Systems	8,350.00	
Interest on Road Assessment Receivables	3,153.94	
Interest on Pleasant Valley Dam Assessment Receivables	<u>599.67</u>	
		\$ 183,695.78

Due from Assessment Trust Fund:

Interest on Pleasant Valley Dam Assessment Receivables	22.10
--	-------

Collector:

Other Miscellaneous	<u>2,672.00</u>
	<u><u>\$ 186,389.88</u></u>

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

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 223,549.00	\$ 249,549.00	\$ 244,746.42	\$ 4,802.58	
Other Expenses	91,875.00	96,875.00	87,438.95	9,436.05	
Mayor and Council:					
Salaries and Wages	66,000.00	66,000.00	44,445.62	21,554.38	
Other Expenses	7,000.00	7,000.00	2,849.15	4,150.85	
Municipal Clerk:					
Salaries and Wages	125,155.00	105,155.00	100,633.21	4,521.79	
Other Expenses	38,750.00	38,750.00	33,670.18	5,079.82	
Financial Administration:					
Salaries and Wages	175,827.00	180,827.00	174,750.86	6,076.14	
Other Expenses	19,300.00	19,300.00	14,062.21	5,237.79	
Annual Audit	41,000.00	41,000.00	41,000.00		
Technology:					
Other Expenses	39,006.00	39,006.00	35,436.90	3,569.10	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	141,398.00	126,398.00	119,062.14	7,335.86	
Other Expenses	51,025.00	51,025.00	30,917.88	20,107.12	
Tax Assessment Administration:					
Salaries and Wages	172,827.00	172,827.00	171,326.02	1,500.98	
Other Expenses (N.J.S.A. 40A: 4-53 + \$200,000.00)	77,625.00	277,625.00	237,899.44	39,725.56	
Legal Services:					
Other Expenses	272,745.00	272,745.00	239,150.53	33,594.47	
Engineering Services:					
Other Expenses	24,750.00	29,750.00	25,747.00	4,003.00	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Economic Development:					
Other Expenses	\$ 13,000.00	\$ 13,000.00	\$ 9,556.00	\$ 3,444.00	
Historic Society:					
Other Expenses	3,000.00	3,000.00	3,000.00		
Historical Preservation Commission:					
Other Expenses	1,500.00	1,500.00	295.65	1,204.35	
MUNICIPAL LAND USE LAW (N.J.S.A.40:55D-11):					
Land Use Board:					
Salaries and Wages	126,962.00	131,962.00	127,670.81	4,291.19	
Other Expenses	66,670.00	66,670.00	45,578.64	21,091.36	
INSURANCE:					
Liability Insurance	494,594.00	494,594.00	484,515.51	10,078.49	
Workers Compensation	356,157.00	356,157.00	350,397.13	5,759.87	
Employee Group Insurance (Health)	3,005,129.00	2,955,129.00	2,646,911.80	308,217.20	
Health Benefit Waiver	44,000.00	44,000.00	36,003.78	7,996.22	
Unemployment Insurance	10,000.00	10,000.00	10,000.00		
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	3,560,646.00	3,560,646.00	3,535,964.99	24,681.01	
Other Expenses	114,500.00	124,500.00	115,645.77	8,854.23	
Township Radio & Communications:					
Salaries and Wages	417,592.00	397,592.00	378,381.96	19,210.04	
Other Expenses	3,500.00	3,500.00	3,500.00		
Volunteer Emergency Services:					
Other Expenses	310,000.00	310,000.00	296,942.84	13,057.16	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY FUNCTIONS (Continued):					
Uniform Fire Safety:					
Salaries and Wages	\$ 51,180.00	\$ 41,180.00	\$ 35,103.50	\$ 6,076.50	
Other Expenses	19,350.00	19,350.00	13,196.01	6,153.99	
Municipal Prosecutor:					
Other Expenses	27,000.00	27,000.00	27,000.00		
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	1,195,756.00	1,195,756.00	1,160,906.30	34,849.70	
Other Expenses	382,790.00	432,790.00	420,465.27	12,324.73	
Recycling:					
Salaries and Wages	22,308.00	25,308.00	23,314.70	1,993.30	
Other Expenses	5,000.00	5,000.00	3,388.70	1,611.30	
Buildings and Grounds:					
Salaries and Wages	39,145.00	40,145.00	39,489.14	655.86	
Other Expenses	81,300.00	81,300.00	68,110.93	13,189.07	
Fleet Management:					
Salaries and Wages	256,966.00	256,966.00	234,409.05	22,556.95	
Other Expenses	180,000.00	205,000.00	201,232.06	3,767.94	
Municipal Services Act (Ch. 6, P.L. 1993):					
Other Expenses	535,000.00	535,000.00	384,632.07	150,367.93	
Environmental Commission (N.J.S.A.40:56A-1 etc.):					
Other Expenses	1,600.00	1,600.00	1,213.10	386.90	
Animal Control:					
Salaries and Wages	94,210.00	102,210.00	96,760.66	5,449.34	
Other Expenses	11,175.00	11,175.00	10,170.54	1,004.46	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	\$ 68,980.00	\$ 88,980.00	\$ 85,890.22	\$ 3,089.78	
Other Expenses	43,150.00	43,150.00	37,269.90	5,880.10	
PARKS AND RECREATION FUNCTIONS:					
Senior Citizens:					
Salaries and Wages	9,484.00	9,484.00	4,577.13	4,906.87	
Other Expenses	60,500.00	60,500.00	60,310.20	189.80	
Maintenance of Parks:					
Salaries and Wages	145,921.00	145,921.00	140,555.79	5,365.21	
Other Expenses	50,000.00	50,000.00	31,992.55	18,007.45	
OTHER COMMON OPERATING FUNCTIONS:					
Municipal Court:					
Salaries and Wages	178,461.00	178,461.00	173,500.35	4,960.65	
Other Expenses	5,850.00	5,850.00	3,768.53	2,081.47	
UNIFORM CONSTRUCTION CODE:					
Construction Code Official:					
Salaries and Wages	397,453.00	399,453.00	395,196.23	4,256.77	
Other Expenses	9,700.00	9,700.00	8,969.92	730.08	
UTILITY EXPENSES AND BULK PURCHASES:					
Utilities	510,700.00	530,700.00	489,945.08	40,754.92	
Total Operations Within "CAPS"	14,478,061.00	14,748,061.00	13,798,869.32	949,191.68	
Detail:					
Salaries and Wages	7,469,820.00	7,474,820.00	7,286,685.10	188,134.90	
Other Expenses	7,008,241.00	7,273,241.00	6,512,184.22	761,056.78	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES:					
Emergency Authorizations	\$ 38,063.00	\$ 38,063.00	\$ 38,063.00		
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	468,691.00	433,691.00	425,637.32		\$ 8,053.68
Social Security System (O.A.S.I.)	599,458.00	599,458.00	560,293.13	\$ 39,164.87	
Police and Firemen's Retirement System of NJ	798,840.00	763,840.00	750,336.00		13,504.00
Defined Contribution Retirement Program	7,000.00	7,000.00	5,891.03	1,108.97	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,912,052.00</u>	<u>1,842,052.00</u>	<u>1,780,220.48</u>	<u>40,273.84</u>	<u>21,557.68</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>16,390,113.00</u>	<u>16,590,113.00</u>	<u>15,579,089.80</u>	<u>989,465.52</u>	<u>21,557.68</u>
Operations Excluded from "CAPS":					
Sussex County Municipal Utility Authority:					
Capital Improvement/Service Agreement	1,343,890.00	1,343,890.00	1,339,328.00	4,562.00	
Interlocal Municipal Service Agreements:					
911 Communication Service:					
Salaries and Wages	76,000.00	76,000.00	76,000.00		
Other Expenses	9,000.00	9,000.00	8,154.86	845.14	
Animal Control Services:					
Salaries and Wages	9,581.00	9,581.00	9,581.00		
Financial Services:					
Salaries and Wages	46,080.00	46,080.00	46,080.00		
Administrative Services:					
Salaries and Wages	45,000.00	45,000.00	45,000.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Interlocal Municipal Service Agreements (Continued):					
Dept. of Public Works:					
Salaries and Wages	\$ 100,000.00	\$ 100,000.00	\$ 96,428.03	\$ 3,571.97	
Senior Citizens:					
Salaries and Wages	22,700.00	22,700.00	22,700.00		
Public and Private Program Offset by Revenue:					
Municipal Alliance on Alcoholism and Drug Abuse:					
2013 (N.J.S.A.40A:4-87 + \$10,233.50)		10,233.50	10,233.50		
2014	20,467.00	20,467.00	20,467.00		
Drunk Driving Enforcement Grant - 2014 (N.J.S.A.40A:4-87 + \$10,982.91)		10,982.91	10,982.91		
Safe and Secure Communities Grant					
Salaries and Wages:					
2012	6,182.00	6,182.00	6,182.00		
2013	55,000.00	55,000.00	55,000.00		
Alcohol Education and Rehabilitation (N.J.S.A.40A:4-87 + \$2,185.96)		2,185.96	2,185.96		
Clean Communities Program:					
2014 (N.J.S.A.40A:4-87 + \$46,210.09)		46,210.09	46,210.09		
Body Armor Grant:					
State Share 2013	3,811.00	3,811.00	3,810.22		\$ 0.78
State Share 2014 (N.J.S.A. 40A:4-87 + \$3,199.24)		3,199.24	3,199.24		
Federal Share (N.J.S.A.40A:4-87 + \$4,092.24)		4,092.24	4,092.24		
NJ Division of Highway Traffic Safety:					
Distracted Driver Crackdown Grant	5,000.00	5,000.00	5,000.00		
Drive Sober or Get Pulled Over - 2014	4,400.00	4,400.00	4,400.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Program Offset by Revenue (Continued):					
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
Statewide Holiday Crackdown					
(N.J.S.A.40A:4-87 + \$7,500.00)		\$ 7,500.00	\$ 7,500.00		
Statewide Labor Day Crackdown					
(N.J.S.A.40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
NJ Highlands Water Protection & Planning Council:					
Highlands Plan Conformance Grant	\$ 107,552.00	107,552.00	107,552.00		
Highlands TDR Feasibility	40,000.00	40,000.00	40,000.00		
Recreational Opportunities for Individuals with					
Disabilities Grant:					
State Share (N.J.S.A.40A:4-87 + \$10,000.00)		10,000.00	10,000.00		
Local Share (N.J.S.A. 40A:4-55 + \$2,000.00)		2,000.00	2,000.00		
Volunteer Firefighter Assistance Grant - 2013	3,442.00	3,442.00	3,441.46		\$ 0.54
NJ Department of Environmental Protection:					
No Net Loss Grant	354,960.00	354,960.00	354,960.00		
Total Operations Excluded from "CAPS"	2,253,065.00	2,354,468.94	2,345,488.51	\$ 8,979.11	1.32
Detail:					
Salaries and Wages	360,543.00	360,543.00	356,971.03	3,571.97	
Other Expenses	1,892,522.00	1,993,925.94	1,988,517.48	5,407.14	1.32

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
Operations Excluded from "CAPS" (Continued):					
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	\$ 320,000.00	\$ 320,000.00	\$ 320,000.00		
Total Capital Improvements Excluded from "CAPS"	320,000.00	320,000.00	320,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	1,425,750.00	1,425,750.00	1,425,750.00		
Payment of Bond Anticipation Notes and Capital Notes	217,958.00	217,958.00	217,956.00		\$ 2.00
Interest on Bonds	819,423.00	819,423.00	819,421.51		1.49
Interest on Notes	68,337.00	68,337.00	68,226.35		110.65
Loan Repayments for Principal and Interest (PVL Dam)	12,774.00	12,774.00	12,774.00		
Interest on Emergency Notes	2,940.00	2,940.00	2,940.00		
Bond Sinking Fund	150,000.00	150,000.00	150,000.00		
Capital Lease Obligations	10,690.00	10,690.00	10,689.12		0.88
Total Municipal Debt Service Excluded from "CAPS"	2,707,872.00	2,707,872.00	2,707,756.98		115.02
Deferred Charges:					
Special Emergency Authorizations - 5 Years					
(N.J.S.A. 40A:4-55):					
Hurricane Irene	200,000.00	200,000.00	200,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	200,000.00	200,000.00	200,000.00		
Total General Appropriations Excluded from "CAPS"	5,480,937.00	5,582,340.94	5,573,245.49	8,979.11	116.34

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Subtotal General Appropriations	\$ 21,871,050.00	\$ 22,172,453.94	\$ 21,152,335.29	\$ 998,444.63	\$ 21,674.02
Reserve for Uncollected Taxes	<u>2,377,566.00</u>	<u>2,377,566.00</u>	<u>2,377,566.00</u>		
Total General Appropriations	<u>\$ 24,248,616.00</u>	<u>\$ 24,550,019.94</u>	<u>\$ 23,529,901.29</u>	<u>\$ 998,444.63</u>	<u>\$ 21,674.02</u>

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 24,248,616.00	
Added by:			
N.J.S.A. 40A:4-87		99,403.94	
Special Emergency Authorization N.J.S.A. 40A: 4-53		200,000.00	
Emergency Appropriations N.J.S.A. 40A:4-48		<u>2,000.00</u>	
		<u>\$ 24,550,019.94</u>	
Cash Disbursed			\$ 20,360,445.91
Reserve for Uncollected Taxes			2,377,566.00
Encumbrances	A		258,519.25
Accrued Payroll			4,838.56
Reserve for Tax Maps			200,000.00
Deferred Charges:			
Special Emergency Authorizations			200,000.00
Emergency Authorizations			38,063.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			700,216.62
Local Matching Funds			<u>2,000.00</u>
			24,141,649.34
Less: Appropriation Refunds			<u>611,748.05</u>
			<u>\$ 23,529,901.29</u>

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

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
TRUST FUNDS

TOWNSHIP OF VERNON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	\$ 671,137.93	\$ 737,980.83
Assessment Receivable	B-7	233,368.31	329,005.49
Assessment Liens	B-11	44,079.13	57,599.96
Assessment Liens Interest and Costs	B-12	56.31	906.16
		<u>948,641.68</u>	<u>1,125,492.44</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-4	<u>101,703.00</u>	<u>88,264.40</u>
Other Trust Funds:			
Cash and Cash Equivalents		2,476,387.78	2,438,320.70
Investments		15,000.00	15,000.00
	B-4	<u>2,491,387.78</u>	<u>2,453,320.70</u>
Due from Current Fund	A	9,855.13	9,855.13
Due from Assessment Trust Fund	B	33.50	
		<u>2,501,276.41</u>	<u>2,463,175.83</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4	<u>1,003,894.38</u>	<u>1,015,061.35</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,555,515.47</u>	<u>\$ 4,691,994.02</u>
<u>LIABILITIES AND RESERVES</u>			
Assessment Trust Fund			
Due to Current Fund	A	\$ 22.10	
Due to Other Trust Funds	B	33.50	
Serial Bonds Payable	B-9	231,075.00	\$ 270,082.90
New Jersey Department of Environmental Protection:			
Loan Payable	B-10	541,870.03	670,730.83
Reserve for:			
Assessment Escrow		5,060.12	6,095.25
Assessments and Liens	B-13	100,550.12	131,990.70
Assessment Liens Interest and Costs		56.31	906.16
Fund Balance	B-1	<u>69,974.50</u>	<u>45,686.60</u>
		<u>948,641.68</u>	<u>1,125,492.44</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	101,703.00	88,264.40

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

	December 31,	
<u>LIABILITIES AND RESERVES</u>	<u>Ref.</u>	<u>2014</u> <u>2013</u>
Other Trust Funds:		
Due to State of New Jersey:		
Building Surcharge	\$	15,625.00
Reserve for:		
Developers Escrow Deposits Payable		58,365.00 \$ 51,365.00
Planning Board Application Deposits		134,797.60 135,359.64
Unemployment		57,375.87 58,742.53
Deposit for Redemption		10,561.19 10,561.19
Recreation		151,273.00 144,289.44
Parking Offense Adjudication Act		336.00 274.00
Premiums on Tax Sale		1,016,900.00 1,032,800.00
M.A.C. Donations		8,660.27 8,660.27
Fire Prevention Penalties		9,117.93 9,030.93
Stream Clear Signs		4,875.58 4,875.58
Public Defender Fees		10,450.00 20,700.00
Police Outside Services		28,646.73 4,266.27
Senior Citizens Center		3,410.21 3,503.61
Compensated Absences		240,270.83 140,270.83
Small Cities Housing		1,733.00 1,733.00
Snow Removal		67,119.99 192,051.09
Council on Affordable Housing		239,281.43 232,984.64
Developers Bonds		340,189.06 381,121.04
Pleasant Valley Dam Rehabilitation		5,596.00 5,586.20
Barry Lakes Dam		5,010.39 5,001.62
Net Payroll and Payroll Deductions		72,623.57 2,789.33
Animal Control Donations		19,057.76 17,209.62
		<u>2,501,276.41</u> <u>2,463,175.83</u>
Open Space Trust Fund:		
Reserve for Open Space		<u>1,003,894.38</u> <u>1,015,061.35</u>
<u>TOTAL LIABILITIES AND RESERVES</u>	<u>\$</u>	<u>4,555,515.47</u> <u>\$ 4,691,994.02</u>

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

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Total</u>	<u>Pleasant Valley Lake</u>	<u>Road Assessment</u>
Balance December 31, 2013	B	\$ 45,686.60	\$ 45,686.60	\$ -0-
Increased by:				
Assessment Lien Redemption		14,530.00	14,530.00	
Defeased 2006 Bonds		<u>9,757.90</u>	<u> </u>	<u>9,757.90</u>
Balance December 31, 2014	B	<u>\$ 69,974.50</u>	<u>\$ 60,216.60</u>	<u>\$ 9,757.90</u>

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

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

	Budget Revenue	Realized	Excess/ Deficit*
Assessment Cash	\$ 158,110.80	\$ 158,110.80	\$ -0-

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

	Budget	Paid or Charged	Unexpended Balance Canceled
Payment of Bond/Loan Principal	\$ 158,110.80	\$ 158,110.80	\$ -0-

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

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents		\$ 1,930,062.88	\$ 635,813.13
Investments		402,504.28	401,370.64
	C-2	2,332,567.16	1,037,183.77
State and Federal Grants Receivable		50,000.00	
Deferred Charges to Future Taxation:			
Funded		19,873,925.00	21,520,917.10
Unfunded	C-4	11,218,942.00	9,370,898.00
<u>TOTAL ASSETS</u>		<u>\$ 33,475,434.16</u>	<u>\$ 31,928,998.87</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 19,873,925.00	\$ 21,520,917.10
Bond Anticipation Notes Payable	C-7	9,852,044.00	7,604,000.00
Improvement Authorizations:			
Funded	C-5	98,505.44	188,748.36
Unfunded	C-5	2,689,452.02	1,993,917.59
Capital Improvement Fund	C-6	42,644.36	66,645.36
Bond Sinking Fund		300,000.00	150,000.00
Reserve for:			
Encumbrances		486,345.77	149,793.15
Payment of Debt Service		412.66	412.66
Capital Projects		407.50	407.50
Fund Balance	C-1	131,697.41	254,157.15
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 33,475,434.16</u>	<u>\$ 31,928,998.87</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 254,157.15
Increased by:		
Premium on Sale of Notes		41,441.26
		<u>295,598.41</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	\$ 112,000.00	
Payment to Current Fund as Anticipated		
Revenue per Budget	<u>51,901.00</u>	
		<u>163,901.00</u>
Balance December 31, 2014	C	<u><u>\$ 131,697.41</u></u>

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

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF VERNON

COUNTY OF SUSSEX

2014

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF VERNON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2014	2013
<u>ASSETS</u>		
Land and Land Improvements	\$ 7,346,503.00	\$ 6,776,403.00
Buildings and Building Improvements	2,227,791.65	2,228,123.75
Machinery and Equipment	12,898,683.35	12,101,494.20
<u>TOTAL ASSETS</u>	<u>\$ 22,472,978.00</u>	<u>\$ 21,106,020.95</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 22,472,978.00	\$ 21,106,020.95
<u>TOTAL RESERVES</u>	<u>\$ 22,472,978.00</u>	<u>\$ 21,106,020.95</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

Assessment Trust Fund – Resources and expenditures for payment for Assessment Trust Fund debt.

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

General Fixed Assets Account Group – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

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

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

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

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

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

E. Other significant accounting policies include:

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

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

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

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

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid. However, a partial reserve, the Reserve for Accrued Sick and Vacation, has been established in the amount of \$240,270.83 on the Trust Fund balance sheet at December 31, 2014.

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

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

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

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

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

General fixed assets are recorded at cost, except for land which is recorded at assessed value or estimated historical cost and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund.

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

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

The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

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

Note 2: Long-Term Debt

Summary of Municipal Debt

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

	December 31,		
	2014	2013	2012
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 29,725,969.00	\$ 29,124,917.10	\$ 30,150,617.10
Assessment Trust:			
Bonds, Loans and Notes	772,945.03	940,813.73	1,094,435.46
Net Debt Issued	<u>30,498,914.03</u>	<u>30,065,730.83</u>	<u>31,245,052.56</u>
Less - Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve to Pay Debt Service - General	412.66	412.66	412.66
Bond Sinking Fund	300,000.00	150,000.00	
Assessment Trust Cash	596,047.71	686,198.98	766,838.44
Total Deductions	<u>896,460.37</u>	<u>836,611.64</u>	<u>767,251.10</u>
Net Issued	<u>29,602,453.66</u>	<u>29,229,119.19</u>	<u>30,477,801.46</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	1,366,898.00	1,766,898.00	2,166,898.00
Total Authorized but not Issued	<u>1,366,898.00</u>	<u>1,766,898.00</u>	<u>2,166,898.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 30,969,351.66</u>	<u>\$ 30,996,017.19</u>	<u>\$ 32,644,699.46</u>

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

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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.20%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 15,272,000.00	\$ 15,272,000.00	
General Debt	31,092,867.00	300,412.66	\$ 30,792,454.34
Assessment Trust Debt	772,945.03	596,047.71	176,897.32
	<u>\$ 47,137,812.03</u>	<u>\$ 16,168,460.37</u>	<u>\$ 30,969,351.66</u>

Net Debt of \$30,969,351.66 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$2,562,195,401 = 1.20%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 89,676,839.04
Net Debt	<u>30,969,351.66</u>
Remaining Borrowing Power	<u>\$ 58,707,487.38</u>

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

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

	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/14</u>
Serial Bonds:				
General Capital Fund	\$21,520,917.10	\$ 4,925,125.00	\$ 6,572,117.10	\$19,873,925.00
Assessment Trust Fund	270,082.90	199,875.00	238,882.90	231,075.00
Loans Payable:				
Assessment Trust Fund:				
NJ DEP Loan	670,730.83		128,860.80	541,870.03
Bond Anticipation/Emergency Notes:				
Current Fund	600,000.00	600,000.00	600,000.00	600,000.00
General Capital Fund	7,604,000.00	9,852,044.00	7,604,000.00	9,852,044.00
	<u>30,665,730.83</u>	<u>15,577,044.00</u>	<u>15,143,860.80</u>	<u>31,098,914.03</u>
Capital Lease Payable	<u>36,497.77</u>		<u>8,064.01</u>	<u>28,433.76</u>
Total	<u>\$30,702,228.60</u>	<u>\$15,577,044.00</u>	<u>\$15,151,924.81</u>	<u>\$31,127,347.79</u>

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year and Prior Year (Cont'd)

	Balance 12/31/12	Additions	Retirements	Balance 12/31/13
Serial Bonds:				
General Capital Fund	\$22,858,617.10		\$ 1,337,700.00	\$21,520,917.10
Assessment Trust Fund	297,382.90		27,300.00	270,082.90
Sewer Utility Capital Fund				
Loans Payable:				
Assessment Trust Fund:				
NJ DEP Loan	797,052.56		126,321.73	670,730.83
Bond Anticipation/Emergency Notes:				
Current Fund	800,000.00	\$ 600,000.00	800,000.00	600,000.00
General Capital Fund	7,292,000.00	7,604,000.00	7,292,000.00	7,604,000.00
	<u>32,045,052.56</u>	<u>8,204,000.00</u>	<u>9,583,321.73</u>	<u>30,665,730.83</u>
Capital Lease Payable	43,944.51		7,446.74	36,497.77
Total	<u>\$32,088,997.07</u>	<u>\$ 8,204,000.00</u>	<u>\$ 9,590,768.47</u>	<u>\$30,702,228.60</u>

Analysis of Debt Issued and Outstanding at December 31, 2014

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
General Improvement Bonds of 2006	01/01/15	3.85%	\$ 768,800.00
General Bonds of 2011	01/01/26	3.00%-4.57%	11,480,000.00
Improvement to Sanitary Sewage System	01/01/33	4.25%-4.40%	2,700,000.00
Refunding Bonds of 2014	01/01/21	2.00%-4.00%	4,925,125.00
			<u>\$ 19,873,925.00</u>

Assessment Trust Serial Bonds Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
General Improvement Bonds of 2006	01/01/15	3.85%	\$ 31,200.00
Refunding Bonds of 2014	01/01/21	2.00%-4.00%	199,875.00
			<u>\$ 231,075.00</u>

Assessment Trust NJ DEP Loan Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Pleasant Valley Dam Rehabilitation	07/14/18	2.00%	<u>\$ 541,870.03</u>

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

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

Analysis of Debt Issued and Outstanding at December 31, 2014 (Cont'd)

<u>General Capital Bond Anticipation Notes Payable</u>			
<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Various Capital Improvements	03/27/15	1.00%	\$ 1,425,594.00
Various Emergency Services Purposes	03/27/15	1.00%	1,251,450.00
Acquisition of Sanitary Sewerage Collection and Transmission Facilities	03/27/15	1.00%	3,809,000.00
Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	10/30/15	0.9499%	1,300,000.00
Various Capital Improvements	03/27/15	1.00%	2,066,000.00
			<u>\$ 9,852,044.00</u>

<u>Current Fund Special Emergency Notes Payable</u>			
<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Special Emergency	09/18/15	0.62%	<u>\$ 600,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 31,098,914.03</u>

New Jersey Department of Environmental Protection Fund Loan

The Township of Vernon entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund"), which is recorded in the Assessment Trust Fund.

The loan agreement was obtained to finance a portion of the cost of the Pleasant Valley Dam Rehabilitation project.

At December 31, 2014, the Township has borrowed or "drawn down" all Loan funds necessary to complete the Pleasant Valley Dam Rehabilitation project partially funded with the Loan funds. Principal payments to the Fund for the Assessment Trust Fund loan will continue on a semiannual basis until July 14, 2018 at two percent interest.

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

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

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

Year	General		Assessment Trust		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,537,825.00	\$ 685,877.04	\$ 163,625.89	\$ 15,880.80	\$ 2,403,208.73
2016	1,630,875.00	680,643.18	168,218.05	13,973.32	2,493,709.55
2017	1,691,265.00	629,329.32	170,523.32	10,260.16	2,501,377.80
2018	1,771,655.00	574,310.52	172,882.77	6,504.52	2,525,352.81
2019	1,806,850.00	511,886.70	33,150.00	3,244.80	2,355,131.50
2020-2024	7,295,455.00	1,600,881.30	64,545.00	2,546.70	8,963,428.00
2025-2030	3,340,000.00	391,800.00			3,731,800.00
2031-2033	800,000.00	70,400.00			870,400.00
	<u>\$19,873,925.00</u>	<u>\$ 5,145,128.06</u>	<u>\$ 772,945.03</u>	<u>\$ 52,410.30</u>	<u>\$24,974,008.39</u>

Capital Leases Payable

The Township entered into a lease purchase agreement for the upgrade of the Township's telecommunication system. This capital lease has a term of five years. The following is a schedule of the future minimum lease payments at December 31, 2014.

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 10,689.12
2016	10,689.12
2017	10,693.96
Total minimum lease payments	32,072.20
Less: Amount representing interest	(3,638.44)
	<u>\$ 28,433.76</u>

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2014, which is appropriated and included in the Current Fund budget for the year ending December 31, 2015, is as follows:

Current Fund	\$ 1,400,000.00
--------------	-----------------

Note 4: Local School District Taxes

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

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

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

Note 5: Pension Plans

Current Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers these plans which cover substantially all Township employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of these two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting. The DCRP provides eligible members with a tax- sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.78% effective July 1, 2013 and increased to 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of- living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Township contributions to PERS amounted to \$425,637.32, \$436,591.00 and \$489,635.00 for 2014, 2013 and 2012, respectively. Township contributions to PFRS amounted to \$750,336.00, \$748,068.00 and \$778,882.00 for 2014, 2013 and 2012, respectively.

Township contributions to DCRP amounted to \$5,891.03, \$5,286.20 and \$4,911.11 for 2014, 2013 and 2012, respectively. Employee contributions to DCRP amounted to \$11,241.52, \$9,594.44 and \$8,902.30 for 2014, 2013 and 2012, respectively.

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

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$794,956.98. This amount is not reported either as an expenditure or a liability. However, 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. This amount is partially reserved in the Reserve for Accrued Sick and Vacation of \$240,270.83 on the Trust Fund balance sheet at December 31, 2014.

Note 7: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	\$ 2.632	\$ 2.629	\$ 2.648
<u>Apportionment of Tax Rate</u>			
Municipal	.569	.574	.583
County	.496	.488	.486
Local School	1.567	1.567	1.579
<u>Assessed Valuations</u>			
2014	<u>\$ 2,656,047,407.00</u>		
2013		<u>\$ 2,695,008,717.00</u>	
2012			<u>\$ 2,705,468,370.00</u>

Comparison of Tax Levies and Collection

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 69,981,815.41	\$ 67,580,208.44	96.56%
2013	71,052,498.31	68,401,826.25	96.26%
2012	71,775,860.71	69,371,623.69	96.65%

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

Note 7: Selected Tax Information (Cont'd)

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

Note 8: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

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

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

Investments (Cont'd)

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

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

Fund	Cash on Hand	Checking Accounts	Certificates of Deposits	Totals
Current	\$ 795.00	\$ 5,449,644.09	\$ 201,598.76	\$ 5,652,037.85
Assessment Trust		671,137.93		671,137.93
Animal Control		101,703.00		101,703.00
Other Trust		2,476,387.78	15,000.00	2,491,387.78
Open Space Trust		1,003,894.38		1,003,894.38
General Capital		1,930,062.88	402,504.28	2,332,567.16
	<u>\$ 795.00</u>	<u>\$ 11,632,830.06</u>	<u>\$ 619,103.04</u>	<u>\$ 12,252,728.10</u>

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

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

The Township has \$619,103.04 of investments in the form of certificates of deposits as of the year ended December 31, 2014. The carrying amount of the Township's cash and cash equivalents and investments at year end was \$12,252,728.10 and the bank balance was \$12,521,407.88. The carrying amount of the Township's cash and cash equivalents and investments at December 31, 2013 was \$11,046,587.86 and the bank balance was \$11,606,410.35.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Township obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ, dental coverage through Delta Dental and vision coverage through VSP.

The following coverages are obtained through a commercial policy:

- a.) Liability Other Than Motor Vehicles
- b.) Property Damage Other Than Motor Vehicles
- c.) Motor Vehicles
- d.) Environmental

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

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

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

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

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

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

Note 9: Risk Management (Continued)

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

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

New Jersey Unemployment Compensation Insurance

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

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years.

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Claims/ Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 10,000.00	\$ 18,083.15	\$ 87.54	\$ 29,537.35	\$ 57,375.87
2013	15,000.00	17,164.07	62.34	17,124.40	58,742.53
2012	5,000.00	15,904.57	42.63	76,084.20	43,640.52

Note 10: Post Retirement Benefits

Plan Description

The Township of Vernon obtains their postemployment healthcare plan coverage from Horizon Blue Cross Blue Shield of NJ and postemployment dental plan coverage from Delta Dental.

The Township provides post-retirement benefits to both bargaining and non-bargaining employees who meet the following criteria:

1. Bargaining Unit Employees

A. New Jersey State Policemen's Benevolent Association Local No. 285

The Township shall pay health insurance premiums for retired police officers and their eligible dependents under the following circumstances:

- Officers who were hired prior to January 1, 1999 who retire within the meaning of the PFRS (Police and Firemen's Retirement System) shall receive health benefits paid for by the Township of Vernon (the "Township") for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. If the retiree is not eligible for Medicare, the Township's insurance shall remain as primary.

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

Note 10: Post Retirement Benefits (Cont'd)

Plan Description (Cont'd)

1. Bargaining Unit Employees (Cont'd)

A. New Jersey State Policemen's Benevolent Association Local No. 285 (Cont'd)

2. Officers who were hired on or after January 1, 1999 who retire within the meaning of the PFRS and have at least 15 years of full time service to the Township shall receive health benefits paid for by the Township for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits, that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. If the retiree is not eligible for Medicare, the Township's insurance shall remain as primary.
3. Upon the death of the retired Police Officer, coverage will be continued for his or her spouse, provided that the officer was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the Police Officer's retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, or until the spouse reaches the age of sixty-five (65), whichever occurs first.
4. After retirement, no new dependents may be added to the Police Officer's coverage. However, if a retired Police Officer, who had coverage for his or her spouse at the time of retirement, remarries, the new spouse may receive coverage as provided for in Paragraph "3" above. However, upon the death of that Police Officer, all coverages for the new spouse will terminate.
5. A retired Police Officer may apply not to be covered for medical insurance under the Township's insurance plan in exchange for cash payment equal to one-half (1/2) of the savings on the costs to the Township for providing coverage to said employee for one year. The Police Officer may not, thereafter, apply to rejoin the Township insurance plan.

B. U.A.W. Local No. 2326

1. Individuals employed by the Township of Vernon (the "Township") as of December 31, 2011, who retire within the meaning of PERS (Public Employees' Retirement System) and who have served in a full time capacity in Vernon Township for at least 20 years, shall be entitled to receive health benefits after retirement up until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of sixty-five (65), the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee.
2. Upon the death of a retired employee who was employed by the Township as of December 31, 2011, coverage will be continued for his or her spouse or same or opposite sex domestic partner, provided that the employee was married or domestically partnered at the time of his or her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the employee's retirement, until the death, remarriage or re-partnering of the spouse or partner, or until receipt of other coverage by that spouse or partner, or until the spouse or partner reaches the age of sixty-five (65), whichever occurs first.

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

Note 10: Post Retirement Benefits (Cont'd)

Plan Description (Cont'd)

1. Bargaining Unit Employees (Cont'd)

B. U.A.W. Local No. 2326 (Cont'd)

3. For employees commencing employment with the Township on or after January 1, 2010, upon retirement as defined by PERS:
 - i. The employee will continue to receive single health insurance paid for by the Township up to age 65;
 - ii. The Township will provide coverage for the employee's spouses and/or dependents upon contribution by the employee of the current Township Group Rate until the employee is age 65 and to age 26 for dependents;
 - iii. Upon age 65/qualification for Medicare, the Township will provide the employee with single coverage Basic AARP Medicare Supplemental Insurance until the death of the employee.
4. After retirement, no new dependents may be added to the employee's coverage. However, if a retired employee who had coverage for his or her spouse or domestic partner at the time of retirement remarries or repartners, the new spouse or domestic partner may receive coverage as provided for in Paragraph 3 or 4 above as applicable. However, upon the death of that employee, all coverages for the new spouse or domestic partner will terminate.
5. A retired employee may opt out of being covered for medical insurance under the Township's insurance plan in exchange for a cash payment equal to one-half of the savings on the costs to the Township for providing coverage to said employee for one year. The employee may not, thereafter, apply to rejoin the Township insurance plan.

C. American Federation of State, County and Municipal Employees (AFSCME) Local #3181

1. For employees who were employed with the Township as of December 31, 2009, and who retire within the meaning of PERS (Public Employees' Retirement System) and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee. Upon the death of the retired employee, coverage will be continued for their spouse, provided that the employee was married to the spouse at the time of their retirement, and will be continued for their dependent children, provided the children were designated as dependent at the time of their retirement or until the death or remarriage of the spouse, or until the receipt of other coverage by that spouse or until the spouse reaches age sixty five (65) whichever occurs first.

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

Note 10: Post Retirement Benefits (Cont'd)

Plan Description (Cont'd)

C. American Federation of State, County and Municipal Employees (AFSCME) Local #3181

2. For employees hired on or after January 1, 2010, and who retire within the meaning of PERS and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive single coverage health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a single coverage Basic AARP Medical Supplemental Insurance. The Township will provide coverage for the employee's spouse *and/or* dependents upon contribution of the current Township Group Rate until age 65 for employee and age 25 for the dependents.

2. Non-bargaining Employees

Employees who retire on a disability pension or retire within the meaning of the Public Employees Retirement System or Police and Fireman's Retirement System and who have 15 or more years of service with the Township of Vernon are eligible for:

Paid health insurance benefits which are the same or substantially similar to those of active Township employees. The Township's coverage is primary until the employee or spouse reaches age 65, at which time Medicare provides the primary coverage and the Township provides secondary coverage for the person reaching age 65.

Upon the death of the retired employee, coverage will be continued for his or her spouse, provided that the employee was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children for as long as they remain eligible for coverage, provided the children were designated as dependents at the time of the employees' retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, until the spouse reaches the age of 65, whichever occurs first.

P.L. 2011 c.78 requires non-bargaining employees that retire after June 28, 2011 and receive employer paid health benefits to make a health benefits contribution, paid to their employer as a deduction from their retirement benefit. However, P.L. 2011 c. 78 requirement for retiree health insurance contributions does not apply to employees that have 20 years or more of service in a state or local retirement system as of June 28, 2011 and meet the eligibility requirements of the employer.

Funding Policy

The Township is not required to nor does it contribute the annual required contribution (ARC) per N.J.S. 40A:4-1 et. seq. There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2014, 2013 and 2012, the Township had approximately 150, 150 and 137 employees, respectively, who met eligibility requirements and recognized expenses of approximately \$1,018,740, \$974,398 and \$940,509 in 2014, 2013 and 2012, respectively.

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

Note 10: Post Retirement Benefits (Continued)

Annual OPEB Cost per Actuarial Valuation

The Township's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The Township has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities over a period not to exceed 30 years.

Benefit Obligations and Normal Cost

	2014	2013	2012
Actuarial Accrued Liability (AAL)			
Retired employees	\$24,282,726.00	\$25,186,887.00	\$16,684,005.00
Active employees	4,256,978.00	2,868,531.00	4,394,965.00
Actuarial Value of Plan Assets	-0-	-0-	-0-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$28,539,704.00</u>	<u>\$28,055,418.00</u>	<u>\$21,078,970.00</u>
Normal cost (with interest) at year end	\$ 252,109.00	\$ 252,109.00	\$ 207,150.00
Amortization factor based on 30 years	\$ 1,752,096.00	\$ 1,722,365.00	\$ 702,632.00
Covered Payroll (Active Plan Members as of December 31)	\$ 7,478,216.00	\$ 6,404,585.00	\$ 6,485,040.00
UAAL as a Percentage of Covered Payroll as of December 31	381.64%	438.05%	325.04%

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Cost Method

	2014	2013	2012
ARC normal cost with interest at end of year	\$ 252,109.00	\$ 252,109.00	\$ 207,150.00
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	<u>1,752,096.00</u>	<u>1,722,365.00</u>	<u>702,632.00</u>
Annual Required Contribution (ARC)	2,004,205.00	1,974,474.00	909,782.00
Interest on net OPEB obligation	-0-	-0-	-0-
Adjustment to ARC	-0-	-0-	-0-
Annual OPEB cost (expense)	2,004,205.00	1,974,474.00	909,782.00
Pay as you go benefits	<u>(1,018,740.00)</u>	<u>(690,856.00)</u>	<u>(828,171.00)</u>
Net OPEB expense at December 31	985,465.00	1,283,618.00	81,611.00
Prior Year	<u>2,392,759.00</u>	<u>1,109,141.00</u>	<u>1,027,530.00</u>
Net OPEB obligation at December 31	<u>\$ 3,378,224.00</u>	<u>\$ 2,392,759.00</u>	<u>\$ 1,109,141.00</u>
Unfunded actuarial accrued liability (December 31, 2012)			<u>\$21,078,970.00</u>
Unfunded actuarial accrued liability (December 31, 2013)			<u>\$28,055,418.00</u>
Unfunded actuarial accrued liability (December 31, 2014)			<u>\$28,539,704.00</u>

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

Note 10: Post Retirement Benefits (Cont'd)

Funding Status and Funding Progress

As of December 31, 2014, the actuarial accrued liability for benefits was \$28,539,704, all of which is unfunded.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without being eligible for benefits; disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2014 actuarial valuation, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. The actuarial assumptions included a 0.0% investment rate of return. An initial annual medical cost trend of 9.0% was utilized as the initial rate which decreases to a 5.0% long-term rate for medical benefits after eight years. For prescription drug benefits and Medicare Part B reimbursements, an initial trend rate of 9.0% was utilized which decreases to a 5.0% long-term rate after eight years.

Note 11: Contingencies

The Township is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, tax appeals, constitutional rights, civil rights and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2014.

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

In addition, the Township has financing agreements in place for the debt related to the sewer system with several other entities and for debt related to the dam rehabilitation at Barry Lake with the property owners association. If these entities were to default, the Township would be required to pay the debt service related to the sewer system and the dam rehabilitation.

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

Note 11: Contingencies (Cont'd)

The Township has made a claim against Ameripay, the Township's previous outside payroll service company, in Bankruptcy Court for funds paid to Ameripay where Ameripay did not make the required tax payments to the appropriate taxing authorities. The prospects for the claim remain unknown.

Note 12: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 22.10	\$ 317,251.48
Federal and State Grant Fund	307,396.35	
Assessment Trust Fund		55.60
Other Trusts Fund	9,888.63	
	<u>\$ 317,307.08</u>	<u>\$ 317,307.08</u>

The interfund receivable in the Current Fund is current year assessment receivable interest not turned over to the Current Fund. The interfund receivable in the Federal and State Grant Fund represents the net of Federal and State Grant Fund expenditures paid by the Current Fund and Federal and State Grant Fund receipts collected by the Current Fund. The interfund receivable in the Other Trust Funds represents a prior year interfund and Pleasant Valley Developer's Escrow funds collected in the Assessment Trust Fund due to the Other Trust Funds.

Note 13: Economic Dependency

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

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2014 and 2013:

	Balance Dec. 31, 2013	Additions	Deletions/ Adjustments	Balance Dec. 31, 2014
Land & Land Improvements	\$ 6,776,403.00	\$ 570,100.00		\$ 7,346,503.00
Buildings & Building Improvements	2,228,123.75		\$ 332.10	2,227,791.65
Machinery and Equipment	12,101,494.20	818,995.36	21,806.21	12,898,683.35
	<u>\$ 21,106,020.95</u>	<u>\$ 1,389,095.36</u>	<u>\$ 22,138.31</u>	<u>\$ 22,472,978.00</u>

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

Note 14: Fixed Assets (Cont'd)

	Balance Dec. 31, 2012	Additions/ Adjustments	Deletions	Balance Dec. 31, 2013
Land & Land Improvements	\$ 6,236,103.00	\$ 652,700.00	\$ 112,400.00	\$ 6,776,403.00
Buildings & Building Improvements	2,227,791.65	332.10		2,228,123.75
Machinery and Equipment	11,147,865.32	1,224,351.94	270,723.06	12,101,494.20
	<u>\$ 19,611,759.97</u>	<u>\$ 1,877,384.04</u>	<u>\$ 383,123.06</u>	<u>\$ 21,106,020.95</u>

Note 15: Deferred Charges to be Raised in Succeeding Years

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 sheet of the Current Fund:

	Balance Dec. 31, 2014	Required 2015 Budget Appropriation	Balance to Succeeding Years' Budgets
Current Fund:			
Special Emergency Authorizations (N.J.S.A. 40A:4-53)	\$ 600,000.00	\$ 240,000.00	\$ 360,000.00
Emergency Appropriations (N.J.S.A. 40A:4-55)	2,000.00	2,000.00	-0-

The appropriation in the 2015 budget is not less than that required by statute.

Note 16: Deferred Compensation

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by V.A.L.I.C., permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Note 17: Related Parties Transactions

The Township of Vernon has a shared services agreement with the Vernon Township Municipal Utility Authority (the "Authority") for Chief Financial Officer and Administrative Assistant services. Also, the Township of Vernon collects sewer rent receipts on the Authority's behalf.

TOWNSHIP OF VERNON

SUPPLEMENTARY DATA

TOWNSHIP OF VERNON
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>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Victor Marotta	Mayor		
Patrick Rizzuto	Council President		
Jean Murphy	Councilmember		
Brian Lynch	Councilmember		
Daniel Kadish	Councilmember		
Richard Wetzel	Councilmember		
William Zuckermann	Business Administrator		
Susan Nelson	Municipal Clerk (to 01/24/14)		
Lauren Kirkman	Municipal Clerk (from 03/03/14)		
Andrea Bates	Deputy Clerk		
Antoinette Izzo	Tax Collector	*	*
Elke Yetter	Chief Financial Officer	*	*
James Devine	Magistrate	*	*
Donna Zuidema	Court Administrator	*	*
Lindsay Miller	Deputy Court Administrator	*	*
Thomas Pinand	Construction Official		
Thomas Maellaro	Animal Control Officer		
Arthur R. Mills	Police Chief		
Kelly & Ward	Attorney		
John Ursin	Special Counsel		
Richard Wenner	Special Labor Counseles		
Michael Hanifan	Prosecutor		
Lynne Schweighardt	Tax Assessor		
Melissa Wiedbrauk	Director of Community Affairs		

* There is a blanket employees crime coverage of \$1,000,000 for employee theft and \$250,000 for forgery or alteration covering all municipal employees, including statutory positions, with the Fidelity and Deposit Company of Maryland through Statewide Insurance Fund.

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
CURRENT FUND

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 5,714,001.81
Increased by Receipts:		
Tax Collector		\$ 69,360,195.26
Revenue Accounts Receivable		5,318,484.31
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		201,160.27
Marriage License		2,250.00
Nonbudget Revenue		183,695.78
2014 Appropriation Refunds		611,748.05
2013 Appropriation Reserve Refunds		75.00
Special Emergency Notes		600,000.00
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		300,270.55
Unappropriated Grant Reserves		5,000.00
Appropriated Reserves Refunds		76,947.50
Receivable due from:		
Vernon Township MUA		200,000.00
Mountain Creek Resort Inc.		3,990.00
PVL Drainage Improvments		6,082.03
Due to Wantage Township Fire Prevention		70.00
		<hr/>
		76,869,968.75
		<hr/>
		82,583,970.56

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.

Decreased by Disbursements:

2014 Appropriation Expenditures	\$ 20,360,445.91
2013 Appropriation Reserves	591,295.54
Special Emergency Notes	600,000.00
Change Fund	20.00
Due to State of NJ:	
Marriage License	2,150.00
Due from Federal and State Grant Fund:	
Appropriated Grant Reserves	329,121.47
Prior Year Encumbrances	12,890.05
Local School District Taxes	41,632,441.00
County Taxes	13,170,069.75
Accounts Payable	19,500.00
Accrued Payroll	59,168.14
Refund of Tax Overpayments	35,459.95
Refund of Prior Year Taxes	61,501.49
Due to Wantage Township Fire Prevention	1,070.00
Reserve for:	
Revaluation	4,490.00
Damages from Hurricane Irene and Tropical Storm Lee	30.00
Tax Maps	39,000.00
Prior Year Encumbrances Liquidated:	
Due from Mountain Creek	3,990.00
Tax Overpayments	6,709.41
Reserve for:	
Revaluation	<u>3,375.00</u>

\$ 76,932,727.71

Balance December 31, 2014

A

\$ 5,651,242.85

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

Increased by Receipts:

Taxes Receivable	\$ 68,442,881.92	
Tax Title Liens Redemption	38,053.33	
2015 Prepaid Taxes	468,355.48	
Interest and Costs on Taxes	369,803.94	
Miscellaneous Revenue Not Anticipated	2,672.00	
Tax Overpayments	38,428.59	
		\$ 69,360,195.26

Decreased by:

Payments to Treasurer	\$ 69,360,195.26

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Year	Balance	2014 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014					Dec. 31, 2014
2013	\$ 1,829,946.39			\$ 1,715,597.31	\$ 1,059.20	\$ (250.00)	\$ 65,185.58	\$ 47,246.45	\$ 1,107.85
2014		\$ 69,981,815.41	\$ 411,038.55	66,727,284.61	241,761.98	200,123.30	215,143.06	516,552.60	1,669,911.31
	<u>\$ 1,829,946.39</u>	<u>\$ 69,981,815.41</u>	<u>\$ 411,038.55</u>	<u>\$ 68,442,881.92</u>	<u>\$ 242,821.18</u>	<u>\$ 199,873.30</u>	<u>\$ 280,328.64</u>	<u>\$ 563,799.05</u>	<u>\$ 1,671,019.16</u>
Ref.	A								A

Analysis of 2014 Property Tax Levy:

Tax Yield:		
General Purpose Tax	\$ 69,907,167.50	
Added Taxes (54:4-63.1 et seq.)	<u>74,647.91</u>	
		<u>\$ 69,981,815.41</u>
Tax Levy:		
Local School District Taxes		\$ 41,632,441.00
County Taxes:		
General Taxes	\$ 13,133,077.54	
Due County for Added and Omitted Taxes	<u>13,890.95</u>	
		13,146,968.49
Local Tax for Municipal Purposes	15,135,306.00	
Additional Taxes Levied	<u>67,099.92</u>	
		<u>15,202,405.92</u>
		<u>\$ 69,981,815.41</u>

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 3,881,046.89
Increased by:		
Transfer from Taxes Receivable		\$ 563,799.05
Interest and Costs on Tax Sale		10,022.33
		<u>573,821.38</u>
		4,454,868.27
Decreased by:		
Tax Title Lien Redeemed		38,053.33
Cancelled - Foreclosure		381,389.04
		<u>419,442.37</u>
Balance December 31, 2014	A	<u>\$ 4,035,425.90</u>

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2014

	Accrued In 2014	Collected by Treasurer
Alcoholic Beverages Licenses	\$ 11,129.42	\$ 11,129.42
Fees and Permits	129,234.08	129,234.08
Municipal Court:		
Fines and Costs	155,721.64	155,721.64
Recycling Receipts	97,883.69	97,883.69
Energy Receipts Taxes	1,862,248.00	1,862,248.00
Garden State Trust	105,963.00	105,963.00
Watershed Moratorium Aid	294,455.00	294,455.00
Uniform Construction Code Fees	466,435.00	466,435.00
Interlocal Service Agreement - 911 Communications:		
Township of Wantage	70,000.00	70,000.00
Borough of Sussex	16,053.00	16,053.00
Interlocal Service Agreement - Animal Control:		
Borough of Sussex	9,581.00	9,581.00
Interlocal Service Agreement - Financial Services:		
Borough of Sussex	19,560.00	19,560.00
Vernon Township MUA	26,520.00	26,520.00
Interlocal Service Agreement - DPW		
Vernon Township MUA	98,180.16	98,180.16
Interlocal Service Agreement - Administrative:		
Vernon MUA	45,000.00	45,000.00
Interlocal Service Agreement - Senior Citizens:		
County of Sussex	20,808.26	20,808.26
Uniform Fire Safety Act	38,981.52	38,981.52
General Capital Surplus	51,901.00	51,901.00
Lot Development Plan	5,500.00	5,500.00
Hotel Occupancy Fee	239,807.83	239,807.83
Interest on Investments	20,070.96	20,070.96
Interest on Pleasant Valley Lake Dam Loan	12,774.00	12,774.00
Payment of Debt Service from Developer	143,781.25	143,781.25
SCMUA Bill and Interest to be Repaid by VTMUA	1,376,895.50	1,376,895.50
	<u>\$ 5,318,484.31</u>	<u>\$ 5,318,484.31</u>

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

	Balance Dec. 31, 2013	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Balance Dec. 31, 2014
Municipal Alliance on Alcoholism and Drug Abuse:					
2013	\$ 8,752.35	\$ 10,233.50	\$ 18,985.85		
2014		20,467.00	8,717.00		\$ 11,750.00
Body Armor Replacement Grant:					
Federal - 2009	344.82				344.82
Federal - 2014		4,092.24			4,092.24
State - 2013		3,810.22		\$ 3,810.22	
State - 2014		3,199.24	3,199.24		
Drunk Driving Enforcement Fund - 2014		10,982.91	10,982.91		
Clean Communities Grant - 2014		46,210.09	46,210.09		
Safe and Secure Communities Program:					
2013		6,182.00		6,182.00	
2014		55,000.00	55,000.00		
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
2014		4,400.00	4,400.00		
Statewide Holiday Crackdown		7,500.00			7,500.00
Statewide Labor Day Crackdown		5,000.00	5,000.00		
Distracted Driver Crackdown		5,000.00	5,000.00		
Alcohol Education Rehabilitation		2,185.96	2,185.96		
NJ Highlands Water Protection & Planning Council:					
Highlands Plan Conformance Grant	14,243.25	107,552.00	10,990.50		110,804.75
Highlands TDR Feasibility - 2014		40,000.00			40,000.00
Recreational Opportunities for Individuals with Disabilities Grant - 2013		10,000.00	10,000.00		
FEMA - Assistance to Firefighters Grant 2013	154,656.00		88,957.00		65,699.00
Volunteer Firefighter Assistance Grant - 2013		3,441.46		3,441.46	
NJ Department of Environmental Protection:					
No Net Loss Grant Reforestation Grant:					
2013	30,642.00		30,642.00		
2014		354,960.00			354,960.00
	<u>\$ 208,638.42</u>	<u>\$ 700,216.62</u>	<u>\$ 300,270.55</u>	<u>\$ 13,433.68</u>	<u>\$ 595,150.81</u>
Ref.	A				A
Federal Grants			\$ 103,357.00		
State Grants			196,913.55		
			<u>\$ 300,270.55</u>		

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

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Administrative & Executive:				
Salaries and Wages	\$ 19,276.24	\$ 19,276.24	\$ 19,276.00	\$ 0.24
Other Expenses	18,262.90	18,262.90	2,279.41	15,983.49
Mayor and Council:				
Salaries and Wages	640.89	640.89	640.00	0.89
Other Expenses	5,845.80	5,845.80	443.60	5,402.20
Township Clerk:				
Salaries and Wages	1,044.65	1,044.65	1,044.00	0.65
Other Expenses	15,023.09	15,023.09	10,914.06	4,109.03
Financial Administration:				
Salaries and Wages	12,800.81	12,800.81	12,800.00	0.81
Other Expenses	3,111.88	3,111.88	270.00	2,841.88
Annual Audit	41,000.00	41,000.00	41,000.00	
Technology:				
Other Expenses	1,543.27	1,543.27		1,543.27
Revenue Administration:				
Salaries and Wages	1,497.04	1,497.04	1,257.00	240.04
Other Expenses	18,262.34	18,262.34	20.90	18,241.44
Tax Assessment Administration:				
Salaries and Wages	1,816.89	1,816.89		1,816.89
Other Expenses	4,733.76	4,733.76	416.08	4,317.68
Legal Services:				
Other Expenses	36,486.08	44,486.08	44,052.61	433.47
Engineering Services:				
Other Expenses	1,556.74	8,556.74	7,743.55	813.19
Historic Preservation:				
Other Expenses	1,568.55	1,568.55	33.75	1,534.80
LAND USE ADMINISTRATION:				
Land Use Board:				
Salaries and Wages	2,381.78	2,381.78		2,381.78
Other Expenses	105,452.38	105,452.38	69,975.50	35,476.88
INSURANCE:				
General Liability	3,653.01	3,653.01	3,604.75	48.26
Workers Compensation Insurance	1,308.60	1,308.60		1,308.60
Employees Group Insurance (Health)	268,724.95	253,724.95	155.35	253,569.60
Health Benefit Waiver	7,366.45	7,366.45		7,366.45
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	48,382.02	48,382.02	20,600.00	27,782.02
Other Expenses	30,709.57	30,709.57	30,504.33	205.24

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Township Radio and Communications:				
Salaries and Wages	\$ 40,473.73	\$ 40,473.73	\$ 40,473.00	\$ 0.73
Other Expenses	50.00	50.00		50.00
Volunteer Emergency Services:				
Other Expenses	42,133.00	42,133.00	27,573.85	14,559.15
Uniform Fire Safety Act:				
Salaries and Wages	7,019.69	7,019.69		7,019.69
Other Expenses	799.46	799.46	436.98	362.48
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	3,134.82	3,134.82		3,134.82
Other Expenses	8,360.18	8,360.18	7,605.83	754.35
Recycling				
Salaries and Wages	2,571.10	2,571.10	2,571.00	0.10
Other Expenses	2,179.80	2,179.80	1,231.80	948.00
Buildings and Grounds:				
Salaries and Wages	605.79	605.79		605.79
Other Expenses	43,092.71	43,092.71	14,378.33	28,714.38
Fleet Management:				
Salaries and Wages	991.23	991.23		991.23
Other Expenses	35,471.82	35,471.82	28,252.94	7,218.88
Municipal Services Act:				
Other Expenses	111,696.55	111,696.55	111,684.78	11.77
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Environmental Commission:				
Other Expenses	724.48	724.48	45.00	679.48
Animal Control Services:				
Salaries and Wages	7,306.92	7,306.92	7,306.33	0.59
Other Expenses	1,705.13	1,705.13	1,247.43	457.70
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	4,841.07	4,841.07	4,841.00	0.07
Other Expenses	5,958.83	5,958.83	3,581.58	2,377.25
Senior Citizens:				
Salaries and Wages	1,733.31	1,733.31	980.00	753.31
Other Expenses	11,391.84	11,391.84	7,207.99	4,183.85
Maintenance of Parks:				
Salaries and Wages	3,223.24	3,223.24	3,223.00	0.24
Other Expenses	882.18	882.18	181.61	700.57

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
OTHER COMMON OPERATING FUNCTIONS:				
Municipal Court:				
Salaries and Wages	\$ 6,686.65	\$ 6,686.65	\$ 6,686.00	\$ 0.65
Other Expenses	3,081.04	3,081.04		3,081.04
Construction Code Official:				
Salaries and Wages	3,910.17	3,910.17		3,910.17
Other Expenses	3,560.63	3,560.63	1,016.92	2,543.71
UTILITY EXPENSES AND BULK PURCHASES:				
Utilities	53,433.03	53,433.03	52,358.97	1,074.06
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.I)	13,339.08	13,339.08		13,339.08
Defined Contribution Retirement System	713.80	713.80		713.80
Interlocal Municipal Service Agreements:				
911 Communications - Service:				
Other Expenses	442.95	442.95	414.55	28.40
Administration				
Salaries and Wages	487.50	487.50		487.50
Capital Lease Payments	890.76	890.76	890.76	
	<u>\$ 1,075,342.18</u>	<u>\$ 1,075,342.18</u>	<u>\$ 591,220.54</u>	<u>\$ 484,121.64</u>

Ref.

Analysis of Balance on December 31, 2013:

Unencumbered	A \$ 735,038.08
Encumbered	A <u>340,304.10</u>
	<u>\$ 1,075,342.18</u>

Cash Disbursed	\$ 591,295.54
Less: Appropriation Reserve Refund	<u>(75.00)</u>
	<u>\$ 591,220.54</u>

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

Increased by:

2014 School Tax Levy

\$ 41,632,441.00

Decreased by:

Payments to Local School District

\$ 41,632,441.00

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

	Balance Dec. 31, 2013	Transferred from Budget Appropriations	Expended	Refund of Prior Year Expenses	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2014
Clean Communities Program:							
2010	\$ 41.27		\$ 41.27				
2011	36,110.00		36,110.00				
2012	41,968.43		39,777.43		\$ 1,087.50		\$ 1,103.50
2013	39,665.59		15,359.65		449.89		23,856.05
2014		\$ 46,210.09					46,210.09
Drunk Driving Enforcement Fund:							
2010	249.65		249.65				
2011	94.92		63.00				31.92
2012	60.50						60.50
2013	6,438.65		6,438.65				
2014		10,982.91	3,363.91		593.65		7,025.35
Body Armor Replacement Grant:							
2013 - State		3,810.22	3,504.05				306.17
2014 - State		3,199.24					3,199.24
2014 - Federal		4,092.24	1,717.65				2,374.59
Recreational Opportunities for Individuals with Disabilities:							
2014 - State		10,000.00	10,000.00				
2014 - Local		2,000.00	2,000.00				
Municipal Alliance on Alcoholism and Drug Abuse:							
2013	154.83	10,233.50	10,388.33				
2014		20,467.00	14,693.45				5,773.55
Safe and Secure Communities Grant:							
2013		6,182.00	6,182.00				
2014		55,000.00	55,000.00				
NJ Highlands Water Protection & Planning Council:							
Highlands Plan Conformance Grant	88.50	107,552.00	4,047.00				103,593.50
Highlands TDR Feasibility		40,000.00	12,731.25		1,897.50		25,371.25
NJ Division of Highway Traffic Safety:							
Drive Sober or Get Pulled Over:							
2014		4,400.00	4,400.00				
Statewide Holiday Crackdown		7,500.00	6,300.00				1,200.00
Statewide Labor Day Crackdown		5,000.00	5,000.00				

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

	<u>Balance Dec. 31, 2013</u>	<u>Transferred from Budget Appropriations</u>	<u>Expended</u>	<u>Refund of Prior Year Expenses</u>	<u>Encumbrances Payable</u>	<u>Prior Year Encumbrances Cancelled</u>	<u>Balance Dec. 31, 2014</u>
NJ Division of Highway Traffic Safety:							
Distracted Driver Crackdown - 2014		\$ 5,000.00	\$ 5,000.00				
Alcohol Education and Rehabilitation		2,185.96	73.87				\$ 2,112.09
Volunteer Firefighter Assistance Grant - 2013		3,441.46			\$ 3,441.46		
FEMA - Assistance to Firefighters Grant:							
2013 - Federal	\$ 154,654.24		60,953.07	\$ (56,068.86)	215,910.00	\$ 131,838.90	65,698.93
2013 - Local	17,184.36		6,772.57	(20,878.64)	23,990.00		7,300.43
NJ Department of Environmental Protection:							
No Net Loss Grant Reforestation Grant:							
2013	18,954.67		18,954.67				
2014		354,960.00					354,960.00
	<u>\$ 315,665.61</u>	<u>\$ 702,216.62</u>	<u>\$ 329,121.47</u>	<u>\$ (76,947.50)</u>	<u>\$ 247,370.00</u>	<u>\$ 131,838.90</u>	<u>\$ 650,177.16</u>
	A						A
Federal/State Grants		\$ 700,216.62					
Local Matching Funds		2,000.00					
		<u>\$ 702,216.62</u>					
Federal Grants			\$ 83,370.72		\$ 219,351.46	\$ 131,838.90	
State Grants			236,978.18		4,028.54		
Local Grants			8,772.57		23,990.00		
			<u>\$ 329,121.47</u>		<u>\$ 247,370.00</u>	<u>\$ 131,838.90</u>	

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

	Balance Dec. 31, 2013	Grant Funds Received	Transferred 2014 Budget Revenue	Balance Dec. 31, 2014
Body Armor Replacement Grant:				
2013	\$ 3,810.22		\$ 3,810.22	
Safe and Secure Communities Program:				
2012	6,182.00		6,182.00	
2013		\$ 5,000.00		\$ 5,000.00
Volunteer Fire Fighter Assistance	3,441.46		3,441.46	
	<u>\$ 13,433.68</u>	<u>\$ 5,000.00</u>	<u>\$ 13,433.68</u>	<u>\$ 5,000.00</u>

Ref.

A

A

Federal Grants	\$ -0-
State Grants	<u>5,000.00</u>
	<u>\$ 5,000.00</u>

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
TRUST FUNDS

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH

	Ref.	Assessment Trust Fund	Animal Control Fund	Other Trust Funds	Open Space Trust Fund
Balance December 31, 2013	B	\$ 737,980.83	\$ 88,264.40	\$ 2,453,320.70	\$ 1,015,061.35
Increased by Receipts:					
Assessment Lien Redemption		\$ 14,530.00			
Road Assessment Receivable		22,142.95			
Pleasant Valley Dam Assessment Receivable		68,348.00			
Animal Control Collector			\$ 65,514.60		
Shelter Fees			7,924.00		
Due to State of New Jersey:					
Building Surcharge				\$ 24,689.00	
Due to Current Fund:					
Interest on Assessments		22.10			
Due to Other Trust Fund:					
Pleasant Valley Dam Escrow Receipt		33.50			
Reserve for:					
Planning and Zoning Board Escrow				44,002.06	
Developer's Escrow Deposits Payable				7,000.00	
Parking Offense Adjudication Act				62.00	
Fire Prevention Penalties				2,516.00	
Public Defender				6,920.00	
Compensated Absenses				100,000.00	
Tax Sale Premium				589,801.24	
Deposit for Redemption				701,776.57	
Recreation				24,330.25	
Police Outside Services				158,809.67	
Snow Removal				59,000.00	
Unemployment				28,170.69	
Senior Citizens Center				12,801.55	
Affordable Housing Irrevocable Trust				8,711.79	
Developer's Bonds				3,218.42	
Pleasant Valley Dam Rehabilitation				9.80	
Barry Lakes Dam				8.77	
Animal Control Donations				1,848.14	
Open Space Trust					\$ 1,833.03
Net Payroll and Payroll Deductions				3,894,864.27	
		105,076.55	73,438.60	5,668,540.22	1,833.03
		843,057.38	161,703.00	8,121,860.92	1,016,894.38

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH
(Continued)

<u>Ref.</u>	<u>Assessment Trust</u> <u>Fund</u>	<u>Animal Control</u> <u>Fund</u>	<u>Other Trust Funds</u>	<u>Open Space Trust</u> <u>Fund</u>
Decreased by Disbursements:				
Assessment Escrow	\$ 1,035.13			
Assessment Serial Bonds Payable	29,250.00			
NJDEP Loan Payable	141,634.32			
Administrative Expenses		\$ 60,000.00		
Due to State of New Jersey:				
Building Surcharge			\$ 9,064.00	
Reserve for:				
Planning and Zoning Board Escrow			44,564.10	
Fire Prevention Penalties			2,429.00	
Public Defender			17,170.00	
Tax Sale Premium			605,701.24	
Deposit for Redemption			701,776.57	
Unemployment			29,537.35	
Senior Citizens Center			12,894.95	
Recreation			17,346.69	
Police Outside Services			134,429.21	
Snow Removal			183,931.10	
Irrevocable Affordable Housing Trust			2,415.00	
Developer's Bonds			44,183.90	
Open Space Trust				\$ 13,000.00
Net Payroll and Payroll Deductions			3,825,030.03	
	<u>\$ 171,919.45</u>	<u>\$ 60,000.00</u>	<u>\$ 5,630,473.14</u>	<u>\$ 13,000.00</u>
Balance December 31, 2014	<u><u>\$ 671,137.93</u></u>	<u><u>\$ 101,703.00</u></u>	<u><u>\$ 2,491,387.78</u></u>	<u><u>\$ 1,003,894.38</u></u>

TOWNSHIP OF VERNON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	-0-
Increased by Receipts:			
Municipal License Fees		\$	52,939.60
State License Fees			8,957.40
Dog License Late Fees			12,455.00
Kennel License Fees			120.00
			<hr/> 74,472.00
Decreased by Disbursements:			
Treasurer - Animal Control Fund			65,514.60
State of New Jersey			8,957.40
			<hr/> 74,472.00
			<hr/> <hr/>
Balance December 31, 2014	B	\$	-0-
			<hr/> <hr/>

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2013	Receipts		Disbursements			Transfers	Balance Dec. 31, 2014
		Assessments	Miscellaneous	Assessment Serial Bonds	Loan Payable	Miscellaneous		
Fund Balance	\$ 45,686.60		\$ 14,530.00				\$ 9,757.90	\$ 69,974.50
Due to/(from) Current Fund		\$ 12,795.62				\$ 12,773.52		22.10
Due to Other Trust Funds			33.50					33.50
Assessment Serial Bonds:								
Ord #								
03-21 Woodland Hills Drive, Red Oak Court								
Babtown Road Improvements	207,823.04	21,405.19		\$ 27,202.50			(9,074.85)	192,950.88
03-22 Silverdale Lane Road Improvement	14,357.54	737.76		2,047.50			(683.05)	12,364.75
NJDEP Loan Payable:								
Pleasant Valley Lake Dam Rehabilitation	464,018.40	55,574.48			\$ 128,860.80			390,732.08
Assessment Escrow	6,095.25					1,035.13		5,060.12
	<u>\$ 737,980.83</u>	<u>\$ 90,513.05</u>	<u>\$ 14,563.50</u>	<u>\$ 29,250.00</u>	<u>\$ 128,860.80</u>	<u>\$ 13,808.65</u>	<u>\$ -0-</u>	<u>\$ 671,137.93</u>

Ref.

B

B

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

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	88,264.40
Increased by:			
Dog Fees Collected Due to Treasurer:			
Dog License Fees		\$	52,939.60
Late Fees			12,455.00
Shelter Fees			7,924.00
Kennel License Fees			120.00
			<u>73,438.60</u>
			161,703.00
Decreased by:			
Animal Control Expenditures			<u>60,000.00</u>
Balance December 31, 2014	B	\$	<u><u>101,703.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 53,067.00
2013	<u>53,444.60</u>
Maximum Allowable Reserve	<u><u>\$ 106,511.60</u></u>

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Improvement Description	Date of Confirmation	Balance	Collections	Transferred to	Balance	Balance Pledged to		
		Dec. 31, 2013		Assessment Liens	Dec. 31, 2014	Assessment Bonds	Loan Payable	Reserve
Improvements to Pleasant Valley Dam	11/10/03	\$ 244,102.89	\$ 68,348.00	\$ 5,146.23	\$ 170,608.66		\$ 151,137.95	\$ 19,470.71
Silverdale Lane Road Improvement	10/02/06	5,164.38	737.76		4,426.62	\$ 4,426.60		0.02
Woodland Hills Drive, Red Oak Court, Babbtown Road Improvements	10/02/06	79,738.22	21,405.19		58,333.03	21,332.77		37,000.26
		<u>\$ 329,005.49</u>	<u>\$ 90,490.95</u>	<u>\$ 5,146.23</u>	<u>\$ 233,368.31</u>	<u>\$ 25,759.37</u>	<u>\$ 151,137.95</u>	<u>\$ 56,470.99</u>
	<u>Ref.</u>	B			B			

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2014		Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
			Date	Amount					
General Bonds of 2006	01/01/06	\$ 307,132.90	01/01/15	\$ 31,200.00	3.85%	\$ 270,082.90		\$ 238,882.90	\$ 31,200.00
Refunding Bonds of 2014	10/07/14	199,875.00	01/01/15	975.00	2.00%				
			01/01/16	34,125.00	3.00%				
			01/01/17	33,735.00	3.00%				
			01/01/18	33,345.00	3.00%				
			1/1/19-20	33,150.00	4.00%				
			01/01/21	31,395.00	4.00%				
							\$ 199,875.00		\$ 199,875.00
						<u>\$ 270,082.90</u>	<u>\$ 199,875.00</u>	<u>\$ 238,882.90</u>	<u>\$ 231,075.00</u>
					<u>Ref.</u>	B			B
							Matured	\$ 29,250.00	
							Refunded	199,875.00	
							Defeased	9,757.90	
								<u>\$ 238,882.90</u>	

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
98-04	Pleasant Valley Dam Rehabilitation	<u>\$ 670,730.83</u>	<u>\$ 128,860.80</u>	<u>\$ 541,870.03</u>
	<u>Ref.</u>	B		B

SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2014

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 541,870.03
23	1/14/15	\$ 5,418.70	\$ 65,398.45	476,471.58
24	7/14/15	4,764.72	66,052.44	410,419.14
25	1/14/16	4,104.19	66,712.96	343,706.18
26	7/14/16	3,437.06	67,380.09	276,326.09
27	1/14/17	2,763.26	68,053.89	208,272.20
28	7/14/17	2,082.72	68,734.43	139,537.77
29	1/14/18	1,395.38	69,421.78	70,115.99
30	7/14/18	701.16	70,115.99	-0-
		<u>\$ 24,667.19</u>	<u>\$ 541,870.03</u>	

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT LIENS

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2013</u>	<u>Cancelled by Foreclosure</u>	<u>Transfer from Assessment Receivable</u>	<u>Redeemed</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Pledged to Reserve</u>
Improvement to Roads - Pleasant Valley Lakes and Tulip Road	09/22/82	\$ 2,152.56	\$ 2,152.56				
Improvement to Various Streets - Lake Wanda	10/01/75	2,336.90	1,984.50			\$ 352.40	\$ 352.40
Pleasant Valley Lake Dam	10/02/06	53,110.50		\$ 5,146.23	\$ 14,530.00	43,726.73	43,726.73
		<u>\$ 57,599.96</u>	<u>\$ 4,137.06</u>	<u>\$ 5,146.23</u>	<u>\$ 14,530.00</u>	<u>\$ 44,079.13</u>	<u>\$ 44,079.13</u>
	<u>Ref.</u>	B				B	

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT LIENS - INTEREST AND COSTS

	<u>Ref.</u>	
Balance at December 31, 2013	B	\$ 906.16
Decreased by:		
Cancelled by Foreclosure		<u>849.85</u>
Balance at December 31, 2014	B	<u><u>\$ 56.31</u></u>

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

Improvement Description	Balance Dec. 31, 2013	Collections to Fund Balance	Interest Paid by Budget Appropriation	Canceled	Transfer To/(From)	Balance Dec. 31, 2014
<u>Assessment Receivable:</u>						
Improvement of Pleasant Valley Lake Dam	\$ 37,390.46		\$ 12,773.52		\$ (5,146.23)	\$ 19,470.71
Silverdale Lane Road Improvement	0.02					0.02
Woodland Hills Drive, Red Oak Court, Babtown Road Improvements	37,000.26					37,000.26
	<u>74,390.74</u>		<u>12,773.52</u>		<u>(5,146.23)</u>	<u>56,470.99</u>
<u>Assessment Liens:</u>						
Improvement to Roads - Pleasant Valley Lakes and Tulip Road	2,152.56			\$ 2,152.56		
Improvement to Various Streets - Lake Wanda	2,336.90			1,984.50		352.40
Improvement to Pleasant Valley Lake Dam	53,110.50	\$ 14,530.00			5,146.23	43,726.73
	<u>57,599.96</u>	<u>14,530.00</u>		<u>4,137.06</u>	<u>5,146.23</u>	<u>44,079.13</u>
	<u>\$ 131,990.70</u>	<u>\$ 14,530.00</u>	<u>\$ 12,773.52</u>	<u>\$ 4,137.06</u>	<u>\$ -0-</u>	<u>\$ 100,550.12</u>
Ref.	B					B

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2014
GENERAL CAPITAL FUND

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 1,037,183.77
Increased by:		
Capital Improvement Fund:		
2014 Budget Appropriation	\$ 320,000.00	
Bond Sinking Fund:		
2014 Budget Appropriation	150,000.00	
Refund from Prior Year Appropriation	233.91	
Capital Fund Balance:		
Premium on Bond Anticipation Notes	41,441.26	
Refunding Bonds Issued:		
General Improvement	4,925,125.00	
Assessment	199,875.00	
Bond Anticipation Notes Issued	9,852,044.00	
Grant Receivable:		
NJ Department of Transportation:		
Breakneck Road	150,000.00	
		15,638,719.17
		16,675,902.94
Decreased by:		
Due to Current Fund:		
2014 Anticipated Revenue from Fund Balance	51,901.00	
Refunding of 2006 Bonds:		
General Improvement	4,925,125.00	
Assessment	199,875.00	
Bond Anticipation Notes Redeemed	7,386,044.00	
Improvement Authorization Expenditures	1,630,599.53	
Prior Year Encumbrances	149,791.25	
		14,343,335.78
Balance December 31, 2014	C	\$ 2,332,567.16

[illegible]

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Notes Paid by Budget Appropriation	Serial Bonds Issued	Improvement Authorizations Canceled	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
General Improvements:										
05-09	Improvements to Town Center	\$ 503.00					\$ 503.00		\$ 503.00	
06-06	Provision of Affordable Housing	395.00					395.00		395.00	
11-07	Various Capital Improvements	1,527,000.00		\$ 101,406.00			1,425,594.00	\$ 1,425,594.00		
11-08	Various Emergency Services Purposes	1,368,000.00		116,550.00			1,251,450.00	1,251,450.00		
11-22	Acquisition of Sanitary Sewerage Collection and Transmission Facilities	3,809,000.00					3,809,000.00	3,809,000.00		
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	2,666,000.00					2,666,000.00	1,300,000.00		\$ 1,366,000.00
14-12	Various Improvements and Purchases		\$ 2,066,000.00				2,066,000.00	2,066,000.00		
14-13	Refunding Bond Ordinance (2006 Series)		5,600,000.00		\$ 5,125,000.00	\$ 475,000.00				
		<u>\$ 9,370,898.00</u>	<u>\$ 7,666,000.00</u>	<u>\$ 217,956.00</u>	<u>\$ 5,125,000.00</u>	<u>\$ 475,000.00</u>	<u>\$ 11,218,942.00</u>	<u>\$ 9,852,044.00</u>	<u>\$ 898.00</u>	<u>\$ 1,366,000.00</u>
	<u>Ref.</u>	C					C			

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. #11-07	\$ 36,692.63	
Ord. #11-08	13,701.58	
Ord. #11-23	133,000.00	
Ord. #14-12	1,140,057.81	
	<u>1,323,452.02</u>	
		<u>\$ 1,366,000.00</u>

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		December 31, 2013		2014 Authorizations		Capital Fund Balance	Capital Improvement Fund	Paid or Charged	Prior Year Encumbrances Canceled	Improvement Authorizations Canceled	December 31, 2014	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation - Unfunded	Grant Receivable						Funded	Unfunded
General Improvements:														
11-07	Various Capital Improvements	03/28/11	\$ 1,650,000.00		\$ 45,429.61					\$ 8,736.98				\$ 36,692.63
11-08	Various Emergency Services Purposes	04/28/11	1,484,000.00		49,487.98					35,786.40				13,701.58
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	11/18/11	2,800,000.00		1,899,000.00					400,000.00				1,499,000.00
12-08	Various Capital Improvements	05/14/12	510,000.00	\$ 8,264.19						5,528.09			\$ 2,736.10	
12-15	Canistear Road and Various Road Improvements and Various Capital Acquisitions	09/10/12	320,000.00	6,282.91						3,050.42				3,232.49
13-01	Various Capital Improvements	02/25/13	100,000.00	799.82							\$ 1.90			801.72
13-02	Purchase of Flail Mower	02/25/13	35,000.00	5,341.53						4,479.00				862.53
13-09	Various Capital Improvements	05/30/13	215,000.00	644.41										644.41
13-15	Purchase of Various Equipment	09/09/13	215,000.00	16,987.50						8,575.00				8,412.50
13-17	Purchase of Various Equipment	10/17/13	295,000.00	150,428.00						150,000.00				428.00
14-02	Purchase of E-Ticket System	02/24/14	20,000.00						\$ 20,000.00	20,000.00				
14-05	Various Capital Improvements	04/28/14	112,000.00					\$ 112,000.00		80,502.49				31,497.51
14-07	Various Equipment & Improvements	06/09/14	240,000.00						240,000.00	190,110.82				49,889.18
14-12;		06/23/14;												
14-20	Various Improvements & Purchases	12/08/14	2,350,000.00			\$ 2,066,000.00	\$ 200,000.00		84,000.00	1,209,942.19				1,140,057.81
14-13	Refunding Bond Ordinance (2006 Series)	07/14/14	5,600,000.00			5,600,000.00				5,125,000.00		\$ 475,000.00		
14-15	Acquisition of Real Property (Block 141, Lots 12.01 & 13)	08/11/14	1.00							1.00				1.00
				\$ 188,748.36	\$ 1,993,917.59	\$ 7,666,000.00	\$ 200,000.00	\$ 112,000.00	\$ 344,001.00	\$ 7,241,711.39	\$ 1.90	\$ 475,000.00	\$ 98,505.44	\$ 2,689,452.02
Ref.				C	C								C	C

Cash Disbursed \$ 1,630,599.53
Refunding Bonds Issued:
General Improvement 4,925,125.00
Assessment 199,875.00
6,755,599.53
Encumbrances 486,345.77
Less: Improvement Authorization Refunds (233.91)
\$ 7,241,711.39

Deferred Charges to Future Taxation - Unfunded \$ 475,000.00
\$ 475,000.00

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 66,645.36
Increased by:		
Budget Appropriation		<u>320,000.00</u>
		386,645.36
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		<u>344,001.00</u>
Balance December 31, 2014	C	<u><u>\$ 42,644.36</u></u>

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

Ord. No.	Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
			Issue	Maturity					
11-07	Various Capital Improvements	05/24/11	05/23/13 03/27/14	03/28/14 03/27/15	1.25% 1.00%	\$ 1,527,000.00	\$ 1,425,594.00	\$ 1,527,000.00	\$ 1,425,594.00
11-08	Various Emergency Services Purposes	05/24/11	05/23/13 03/27/14	03/28/14 03/27/15	1.25% 1.00%	1,368,000.00	1,251,450.00	1,368,000.00	1,251,450.00
11-22	Acquisition of Sanitary Sewerage Collection and Transmission Facilities	03/29/12	03/28/13 03/27/14	03/28/14 03/17/15	0.75% 1.00%	3,809,000.00	3,809,000.00	3,809,000.00	3,809,000.00
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	11/02/12	10/31/13 10/30/14	10/31/14 10/30/15	1.00% 0.9499%	900,000.00	1,300,000.00	900,000.00	1,300,000.00
14-12	Various Capital Improvements	08/07/14	08/07/14	03/27/15	1.00%		2,066,000.00		2,066,000.00
						<u>\$ 7,604,000.00</u>	<u>\$ 9,852,044.00</u>	<u>\$ 7,604,000.00</u>	<u>\$ 9,852,044.00</u>
					<u>Ref.</u>	C			C
					New Issues		\$ 2,466,000.00		
					Renewals		7,386,044.00	\$ 7,386,044.00	
					Paid by Budget Appropriation			217,956.00	
							<u>\$ 9,852,044.00</u>	<u>\$ 7,604,000.00</u>	

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
			Outstanding Date	Dec. 31, 2014 Amount					
General Bonds of 2006	01/01/06	\$ 7,548,867.10	01/01/15	\$ 768,800.00	3.850%	\$ 6,635,917.10		\$ 5,867,117.10	\$ 768,800.00
General Bonds of 2011	01/06/11	13,395,000.00	01/01/15	720,000.00	3.000%				
			01/01/16	765,000.00	3.000%				
			01/01/17	810,000.00	3.250%				
			01/01/18	850,000.00	3.250%				
			01/01/19	890,000.00	3.500%				
			01/01/20	935,000.00	3.500%				
			01/01/21	980,000.00	3.750%				
			01/01/22	1,020,000.00	4.000%				
			01/01/23	1,065,000.00	4.125%				
			01/01/24	1,105,000.00	4.280%				
			01/01/25	1,150,000.00	4.450%				
			01/01/26	1,190,000.00	4.570%	12,160,000.00		680,000.00	11,480,000.00
			Improvement to Sanitary Sewerage System	01/01/08	2,850,000.00	1/1/15-16	25,000.00	4.250%	
01/01/17	50,000.00	4.250%							
1/1/18-23	100,000.00	4.375%							
1/1/24-28	200,000.00	4.375%							
1/1/29-33	200,000.00	4.400%				2,725,000.00		25,000.00	2,700,000.00
Refunding Bonds of 2014	10/07/14	5,125,000.00	01/01/15	24,025.00	2.000%				
			01/01/16	840,875.00	3.000%				
			01/01/17	831,265.00	3.000%				
			01/01/18	821,655.00	3.000%				
			1/1/19-20	816,850.00	4.000%				
			01/01/21	773,605.00	4.000%		\$ 4,925,125.00		4,925,125.00
						\$ 21,520,917.10	\$ 4,925,125.00	\$ 6,572,117.10	\$ 19,873,925.00
Ref.						C			C
							Matured	\$ 1,425,750.00	
							Refunded	4,925,125.00	
							Defeased	221,242.10	
								\$ 6,572,117.10	

Ref.

C

C

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Bond Anticipation Notes Issued	Serial Bonds Issued	Improvement Authorizations Canceled	Balance Dec. 31, 2014
05-09	Improvement to Town Center	\$ 503.00					\$ 503.00
06-06	Provision of Affordable Housing	395.00					395.00
11-23	Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority	1,766,000.00		\$ 400,000.00			1,366,000.00
14-12	Various Capital Improvements		\$ 2,066,000.00	2,066,000.00			
14-13	Refunding Bond Ordinance (2006 Series)		5,600,000.00		\$ 5,125,000.00	\$ 475,000.00	
		<u>\$ 1,766,898.00</u>	<u>\$ 7,666,000.00</u>	<u>\$ 2,466,000.00</u>	<u>\$ 5,125,000.00</u>	<u>\$ 475,000.00</u>	<u>\$ 1,366,898.00</u>

TOWNSHIP OF VERNON

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

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

Name of Federal Agency or Department	C.F.D.A. Account No.	Name of Program	State Account No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
					From	To			
<u>U.S. Department of Environmental Protection</u>									
(Passed thru N.J. State Forestry Services	10.664	Rural Community Fire Protection Program: Volunteer Firefighter Assistance Grant	042-4870-100 -25-110040	\$ 3,441.46	01/01/14	12/31/14		\$ 3,441.46	\$ 3,441.46
Total Department of Environmental Protection				3,441.46				3,441.46	3,441.46
<u>U.S. Department of Justice</u>									
(Passed thru N.J. Department of Law and Public Safety)	16.607	Bulletproof Vest Partnership Grant	N/A	4,092.24	01/01/14	12/31/15		1,717.65	1,717.65
Total Department of Justice				4,092.24				1,717.65	1,717.65
<u>U.S. Department of Transportation</u>									
(Passed thru N.J. Department of Transportation)	20.616	Drive Sober or Get Pulled Over: 2014	066-1160-100- 157-031020	4,400.00	1/1/2014	12/31/14	\$ 4,400.00	4,400.00	4,400.00
		Statewide Holiday Crackdown		7,500.00	1/1/2014	12/31/15		6,300.00	6,300.00
		Statewide Labor Day Crackdown		5,000.00	1/1/2014	12/31/14	5,000.00	5,000.00	5,000.00
				16,900.00			9,400.00	15,700.00	15,700.00
	20.600	Distracted Driving Grant	066-1160-100- 036-030660	5,000.00	01/01/14	12/31/14	5,000.00	5,000.00	5,000.00
	20.205	Transportation Trust Fund Authority Act: 2014 Municipal Aid - Breakneck Road	078-6320-480- ALW-609164	200,000.00	01/01/14	12/31/15	150,000.00	150,000.00	150,000.00
Total U.S. Department of Transportation				221,900.00			164,400.00	170,700.00	170,700.00
<u>U.S. Department of Homeland Security</u>									
(Passed thru N.J. Department of Law and Public Safety)	97.044	Assistance to Firefighters Grant - FEMA	N/A	342,562.00	01/01/13	12/31/15	88,957.00	220,794.21	276,863.07
Total U.S. Department of Homeland Security				342,562.00			88,957.00	220,794.21	276,863.07
Total Federal Awards				\$ 571,995.70			\$ 253,357.00	\$ 396,653.32	\$ 452,722.18

N/A - Not Available

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

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	
				From	To				
<u>Department of Law and Public Safety</u>	Safe and Secure Communities	066-1020-100- 232-090940	\$ 60,000.00	01/01/12	12/31/14		\$ 6,182.00	\$ 60,000.00	
			60,000.00	01/01/13	12/31/15	\$ 60,000.00	55,000.00	55,000.00	
			120,000.00			60,000.00	61,182.00	115,000.00	
	Body Armor Replacement Grant	066-1020-718- 001-090160	3,810.22	01/01/13	12/31/15		3,504.05	3,504.05	
			3,199.24	01/01/14	12/31/15	3,199.24			
			7,009.46			3,199.24	3,504.05	3,504.05	
	Drunk Driving Enforcement Fund	100-078-6400-YYYY	8,948.10	01/01/10	12/31/14		249.65	8,948.10	
			5,163.63	01/01/11	12/31/15		63.00	5,131.71	
			7,739.62	01/01/13	12/31/14		6,438.65	7,739.62	
			10,982.91	01/01/14	12/31/15	10,982.91	3,957.56	3,957.56	
			32,834.26			10,982.91	10,708.86	25,776.99	
	Total Department of Law and Public Safety			159,843.72			74,182.15	75,394.91	144,281.04
	<u>Department of Environmental Protection</u>	Clean Communities Grant	042-4900-765- 004-178910	42,713.98	01/01/10	12/31/14		41.27	42,713.98
				42,747.96	01/01/11	12/31/14		36,110.00	42,747.96
				41,968.43	01/01/12	12/31/15		40,864.93	40,864.93
				49,148.50	01/01/13	12/31/15		15,809.54	25,292.45
				46,210.09	01/01/14	12/31/15	46,210.09		
222,788.96						46,210.09	92,825.74	151,619.32	
(Passed through NJ State Forestry Services)		042-4815-531- 275-VVVV-6120	30,642.00	04/02/13	12/31/14	30,642.00	18,954.67	30,642.00	
Total Department of Environmental Protection			253,430.96			76,852.09	111,780.41	182,261.32	
<u>Department of Community Affairs</u>		Recreation Opportunities for Ind. With Disabilities	022-8050-100- 035-051570	10,000.00	01/01/14	12/31/14	10,000.00	10,000.00	10,000.00
	10,000.00					10,000.00	10,000.00	10,000.00	
Total Department of Community Affairs			10,000.00			10,000.00	10,000.00	10,000.00	

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

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Treasury</u>								
(Passed through the County of Sussex)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	205-3063-402-0435	\$ 30,700.50	01/01/13	06/30/14	\$ 18,985.85	\$ 10,388.33	\$ 30,700.50
			20,467.00	07/01/14	06/30/15	8,717.00	14,693.45	14,693.45
Total Department of Treasury			51,167.50			27,702.85	25,081.78	45,393.95
<u>NJ Highlands Council</u>								
	Highlands Plan Conformance Grant	N/A	129,500.00	01/01/12	12/31/15	10,990.50	4,047.00	25,906.50
	Transfer of Development Rights Feasibility Grant	N/A	40,000.00	01/01/14	12/31/15		14,628.75	14,628.75
Total NJ Highlands Council			169,500.00			10,990.50	18,675.75	40,535.25
<u>Department of Health and Senior Services</u>								
	Alcohol Education and Rehabilitation Program	098-9735-760- 001-060000	2,185.96	01/01/14	12/31/15	2,185.96	73.87	73.87
Total Department of Health and Senior Services			2,185.96			2,185.96	73.87	73.87
Total State Awards			\$ 646,128.14			\$ 201,913.55	\$ 241,006.72	\$ 422,545.43

N/A - Not Available

TOWNSHIP OF VERNON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2014

A. BASIS OF PRESENTATION

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION LOAN PAYABLE

At December 31, 2014, the Township has \$541,870.03 of New Jersey Environmental Protection Fund Loan Payable outstanding which is recorded in the Assessment Trust Fund.

Currently, the Township is in the process of repaying the loan balance. There were no loan receipts or expenditures in the current year. The Pleasant Valley Dam Rehabilitation project which relates to the loan is complete.



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200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Vernon, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Vernon, in the County of Sussex (the "Township") as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 4, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2014-01, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Page 2

Compliance and Other Matters

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

The Township's Response to the Finding

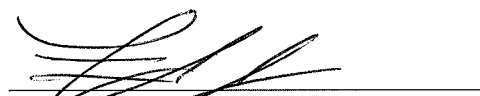
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mount Arlington, New Jersey
May 4, 2015


NISIVOC CIA LLP


Francis J. Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

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

Summary of Auditors' Results:

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

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

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

Finding 2014-1

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Council should be aware of this situation, realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view and take appropriate action to improve the segregation of duties.

Management's Response:

The finding was evaluated and the Township is currently investigating the cost/benefit relationship of various alternatives to resolve this recommendation.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

The prior year finding 2013-1 regarding the segregation of duties has not been resolved and is included in the current year audit report as finding 2014-1.

TOWNSHIP OF VERNON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

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

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

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS
(Continued)

Collection of Interest on Delinquent Taxes

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

On January 1, 2014, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township of Vernon wishes to set forth procedures for the collection of taxes;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Vernon that the procedures are set forth as follows:

DELINQUENT TAX PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest – 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties – Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

Grace Period – A ten (10) day grace period shall be granted for the payment of current taxes.

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

Delinquent Taxes and Tax Title Liens/Assessment Liens

The last tax sale was held on December 1, 2014, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2014	536
2013	500
2012	477

The Township has numerous tax title liens and assessment liens outstanding as of December 31, 2014. These properties, generally, do not contribute revenue to the operations of the Township and instead act as a drain on Township resources. However, since the Township had settled foreclosure proceedings involving approximately 13 properties and are in the process of initiating additional foreclosure proceedings, a formal recommendation is not deemed necessary.

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 Taxes	20
Payments of 2014 Taxes	20
Delinquent Taxes	20
Tax Title Liens	3
Assessment Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2014 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
State of New Jersey	\$ 5,803.75	\$ 94,674.11	\$ 92,877.92	\$ 7,599.94
County	3,552.75	53,554.25	54,490.75	2,616.25
Municipality		155,721.64	155,721.64	
Municipality - POAA	4.00	62.00	66.00	
Conditional Discharge		2,826.00	2,566.00	260.00
Public Defender		6,920.00	6,920.00	
Weights and Measures	250.00	2,150.00	2,400.00	
Fish and Game		4,275.00	4,155.00	120.00
Forest & Parks	100.00	375.00	425.00	50.00
Restitution	110.00	1,384.00	1,319.00	175.00
	<u>\$ 9,820.50</u>	<u>\$ 321,942.00</u>	<u>\$ 320,941.31</u>	<u>\$ 10,821.19</u>

General Capital Fund

Several ordinances, which are more than five years old, have deficit cash balances at December 31, 2014. This situation arises when expenditures are made from an ordinance without the respective debt being issued. Management is aware of this situation. These ordinances are expected to be funded by bonds or raised in succeeding year budgets. No formal recommendation is judged to be necessary.

Status of Prior Year Recommendations

The one recommendation from the 2013 audit has not been resolved. The Township is in the process of implementing corrective action to resolve this recommendation.

TOWNSHIP OF VERNON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties be maintained with respect to the recording and treasury functions.

* * * * *