

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY**

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

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COUNTY OF MONMOUTH, NEW JERSEY
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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Shrewsbury, New Jersey 07724

Report on the Financial Statements

We have audited the accompanying comparative statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Shrewsbury, County of Monmouth, State of New Jersey as of December 31, 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the year then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Shrewsbury, County of Monmouth, State of New Jersey, as of December 31, 2014, or the results of its operations and changes in fund balance for the year then ended.

Basis for Disclaimer of Opinion on General Fixed Assets Account Group

The Township has not completed a Fixed Assets inventory and has not prepared a Statement of Fixed Assets Account Group as of December 31, 2014.

Disclaimer of Opinion on General Fixed Assets Account Group

Due to the fact that we were unable to audit a Statement of General Fixed Assets for the year ending December 31, 2014, we do not express an opinion of the General Fixed Assets Account Group financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Shrewsbury, County of Monmouth, State of New Jersey, as of December 31, 2014, and the results of its operations and changes in fund balance of such funds--regulatory basis for the year then ended, and the related statement of revenues--regulatory basis, statements of expenditure--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2014 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2013, were audited by other auditors whose report dated April 7, 2014 expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Township of Shrewsbury'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Shrewsbury's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 23, 2015
Freehold, New Jersey

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the Township Committee
Township of Shrewsbury, New Jersey 07724

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Shrewsbury as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 23, 2015.

Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Comments & Recommendations we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No's. 2014-10 and 2014-19

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. We consider the deficiencies described in the accompanying Comments & Recommendations to be significant deficiencies as Finding No's. 2014-04, 2014-07, 2014-08 and 2014-12.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No's. 2014-01, 2014-02, 2014-06, 2014-10, 2014-13, 2014-14, 2014-16, 2014-17, and 2014-19.

Response to Findings

Township of Shrewsbury's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. Township of Shrewsbury'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 results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 23, 2015
Freehold, New Jersey

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF SHREWSBURY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	REFERENCE	<u>2014</u>	<u>2013</u>
ASSETS			
Regular Fund:			
Cash	A-4	\$ 515,012.41	\$ 503,907.00
Total		<u>515,012.41</u>	<u>503,907.00</u>
Receivables with Full Reserves:			
Taxes Receivable	A-6	8,721.70	2,973.47
Regional School Tax Advanced	A-7	54,276.22	21,068.13
Due from Animal Control Trust Fund	A-8	611.34	1,873.80
Due from Trust Other Fund	A-9	-	434.82
Revenue Accounts Receivable	A-10	<u>-</u>	<u>253.06</u>
Total		<u>63,609.26</u>	<u>26,603.28</u>
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-11	36,000.00	48,000.00
Emergency Authorization	A-12	<u>9,000.00</u>	<u>-</u>
		<u>45,000.00</u>	<u>48,000.00</u>
Total Regular Funds		<u>623,621.67</u>	<u>578,510.28</u>
Federal and State Grant Fund:			
Due from Current Fund	A	<u>134,725.75</u>	<u>132,350.65</u>
Total Federal and State Grants		<u>134,725.75</u>	<u>132,350.65</u>
Total Assets		<u><u>\$ 758,347.42</u></u>	<u><u>\$ 710,860.93</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	REFERENCE	<u>2014</u>	<u>2013</u>
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 67,808.76	\$ 102,580.35
Reserve for Encumbrances	A-3	8,922.37	11,855.48
Accounts Payable to Shrewsbury Borough	A-14	-	7,601.97
Prepaid Taxes	A-15	3,759.12	3,808.37
Tax Overpayments	A-16	1,136.77	2,734.98
Regional High School Taxes Payable	A-18	21,605.14	14,504.87
Due to State of New Jersey - Chapter 20 P.L. 1971	A-5	1,500.00	500.00
Due to State - Marriage License Fees	A-19	25.00	75.00
Special Emergency Note Payable	A-20	36,000.00	48,000.00
Reserve for Hurricane Sandy	A-21	66,985.39	78,985.39
Due to Federal and State Grant Fund	A-22	<u>134,725.75</u>	<u>132,350.65</u>
Subtotal Regular Fund		<u>342,468.30</u>	<u>402,997.06</u>
Reserve for Receivables & Other Assets	A	63,609.26	26,603.28
Fund Balance	A-1	<u>217,544.11</u>	<u>148,909.94</u>
Total Regular Fund		<u>623,621.67</u>	<u>578,510.28</u>
Federal and State Grant Fund:			
Reserve for Federal and State Grants:			
Appropriated Reserves	A-24	130,725.75	125,423.21
Unappropriated Reserves	A-25	<u>4,000.00</u>	<u>6,927.44</u>
Total State & Federal Grants		<u>134,725.75</u>	<u>132,350.65</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 758,347.42</u>	<u>\$ 710,860.93</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEASR ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 33,642.00	\$ 29,743.03
Miscellaneous Revenue Anticipated	122,032.87	109,604.22
Receipts From Delinquent Taxes	2,973.47	3,776.97
Receipts From Current Taxes	1,646,306.45	1,682,053.66
Non-Budget Revenue	15,856.14	8,657.60
Other Credits To Income:		
Regional School Tax Advanced	-	21,122.62
Unexpended Balance of Appropriation Reserves	107,754.86	106,395.85
Prior Year Interfund Returned	2,537.39	10,059.82
Current Appropriations Cancelled		575.05
Adjustment to Grants Appropriated	1,179.90	-
	<u>1,179.90</u>	<u>-</u>
Total Revenues	<u>\$ 1,932,283.08</u>	<u>\$ 1,971,988.82</u>
<u>Expenditures</u>		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	\$ 217,961.78	\$ 211,003.00
Other Expenses	333,249.00	342,649.28
Deferred Charges and Statutory Expenditures	33,267.00	41,885.72
Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	218,091.44	174,231.00
Capital Improvements	30,800.00	30,800.00
Municipal Debt Service	137,023.36	136,420.00
Deferred Charges	12,000.00	12,000.00
County Taxes	171,898.24	188,667.85
Regional School Tax	394,871.00	440,913.00
Regional High School Tax	256,637.00	246,221.00
Interfunds Advanced		434.82
Regional School Tax Advanced	33,208.09	-
	<u>33,208.09</u>	<u>-</u>
Total Expenditures	<u>1,839,006.91</u>	<u>1,825,225.67</u>
Excess/(Deficit) in Revenue	93,276.17	146,763.15
Adjustments To Income Before Fund Balance		
Expenditures Included Above Which Are By		
Statute Deferred Charges To Budget of Succeeding Year	9,000.00	-
	<u>9,000.00</u>	<u>-</u>
Statutory Excess To Fund Balance	102,276.17	146,763.15
Fund Balance, January 1	<u>148,909.94</u>	<u>31,889.82</u>
	251,186.11	178,652.97
Decreased By:		
Utilized as Anticipated Revenue	<u>33,642.00</u>	<u>29,743.03</u>
Fund Balance, December 31	<u>\$ 217,544.11</u>	<u>\$ 148,909.94</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Anticipated <u>Budget</u>	Budget <u>Amendments</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 33,642.00	\$ -	\$ 33,642.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	500.00	-	612.00	112.00
Fines and Costs:				
Municipal Court	1,300.00	-	2,403.39	1,103.39
Energy Tax Receipts	71,946.00	-	71,946.00	-
Consolidated Municipal Property Tax Relief	13,957.00	-	13,957.00	-
Cable TV Franchise Fees	4,187.00	-	14,187.04	10,000.04
Hurricane Sandy Reimbursement	12,000.00	-	12,000.00	-
Forestry Grant	3,000.00	-	3,000.00	-
Recycling Tonnage Grant	3,927.44	-	3,927.44	-
Total Miscellaneous Revenues	110,817.44	-	122,032.87	11,215.43
Receipts From Delinquent Taxes	2,500.00	-	2,973.47	473.47
Amount To Be Raised By Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	831,130.49	-	827,090.92	(4,039.57)
Budget Revenues	978,089.93	-	985,739.26	7,649.33
Non-Budget Revenues	-	-	15,856.14	15,856.14
Total General Revenues	\$ 978,089.93	\$ -	\$ 1,001,595.40	\$ 23,505.47

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 1,646,306.45
Allocated To: School and County Tax	<u>823,406.24</u>
Balance for Support of Municipal Budget Appropriations	822,900.21
Add: Appropriation "Reserve for Uncollected Taxes"	<u>4,190.71</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 827,090.92</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>2,973.47</u>
	<u><u>\$ 2,973.47</u></u>

Analysis of Non-Budget Revenues

Marriage Licenses - Duplicate	\$ 12.00
Interest and Costs on Taxes	758.01
Certificates of Occupancy	2,050.00
Seniors and Vets 2% Administration Fee	138.65
Employee Health Benefit Share	5,204.67
Miscellaneous - Other	<u>7,692.81</u>
	<u><u>\$ 15,856.14</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			Cancelled
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	
GENERAL GOVERNMENT:						
General Administration:						
Salaries and Wages	\$ 35,347.08	\$ 37,047.08	\$ 36,655.58	\$ -	\$ 391.50	\$ -
Other Expenses	23,000.00	23,000.00	20,867.89	500.00	1,632.11	-
Municipal Clerk:						
Salaries and Wages	53,388.84	50,438.84	45,383.01	-	5,055.83	-
Other Expenses	4,500.00	4,500.00	1,295.95	-	3,204.05	-
Financial Administration:						
Salaries and Wages	7,811.16	7,811.16	7,252.79	-	558.37	-
Other Expenses	6,800.00	3,800.00	1,582.50	-	2,217.50	-
Audit Services						
Other Expenses	17,500.00	17,500.00	17,500.00	-	-	-
Mayor and Borough Council:						
Salaries and Wages	8,012.10	8,112.10	7,934.70	-	177.40	-
Other Expenses	2,100.00	2,100.00	1,111.70	-	988.30	-
Tax Assessment Administration:						
Salaries and Wages	7,500.00	7,850.00	7,827.82	-	22.18	-
Other Expenses	1,500.00	1,500.00	625.00	-	875.00	-
Tax Collection:						
Salaries and Wages	1,380.06	1,380.06	1,200.00	-	180.06	-
Other Expenses	2,200.00	1,200.00	189.84	-	1,010.16	-
Legal Services (Legal Department):						
Salaries and Wages	28,864.98	28,864.98	28,808.81	-	56.17	-
Other Expenses	5,000.00	500.00	132.20	-	367.80	-
Engineering Services:						
Other Expenses	13,600.00	13,600.00	9,024.75	153.00	4,422.25	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
Recycling Program						
Other Expenses	16,600.00	16,600.00	11,190.38	-	5,409.62	-
INSURANCE:						
Liability Insurance	15,435.00	15,435.00	15,135.59	-	299.41	-
Worker Compensation Insurance	14,014.00	14,014.00	14,013.34	-	0.66	-
Employee Group Insurance	100,000.00	97,500.00	91,470.00	-	6,030.00	-
PUBLIC SAFETY :						
Fire Hydrant						
Other Expenses	4,000.00	4,000.00	3,357.20	305.20	337.60	-
Office of Emergency Management:						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Fire Official:						
Salaries and Wages	700.00	700.00	700.00	-	-	-
Streets and Roads Maintenance:						
Salaries and Wages	60,000.00	60,000.00	53,742.10	-	6,257.90	-
Other Expenses	28,000.00	54,000.00	51,160.22	63.47	2,776.31	-
Buildings and Grounds:						
Other Expenses	19,000.00	13,000.00	9,186.34	731.36	3,082.30	-
Solid Waste Collection:						
Other Expenses	1,200.00	1,200.00	780.00	-	420.00	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
HEALTH AND WELFARE						
Public Health Service:						
Salaries and Wages	1,020.00	1,020.00	401.28	-	618.72	-
Other Expenses	-	-	-	-	-	-
Animal Control Services						
Other Expenses	1,500.00	1,500.00	1,500.00	-	-	-
PARKS AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	1,500.00	1,500.00	-	-	1,500.00	-
Other Expenses	1,500.00	1,500.00	200.00	-	1,300.00	-
Senior Citizens:						
Other Expenses	1,500.00	1,500.00	423.60	-	1,076.40	-
SCAT	4,000.00	4,000.00	2,964.00	-	1,036.00	-
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23 - 4.17)						
Construction Official:						
Salaries and Wages	7,217.52	7,217.52	4,675.53	-	2,541.99	-
UNCLASSIFIED						
Housing Inspector:						
Salaries and Wages	6,020.04	6,020.04	4,134.87	-	1,885.17	-
Other Expenses	900.00	900.00	687.28	47.72	165.00	-
Electricity	12,000.00	12,000.00	9,731.95	751.71	1,516.34	-
Street Lighting	11,000.00	10,500.00	7,291.28	-	3,208.72	-

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			Cancelled
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	
Natural Gas	8,000.00	8,000.00	2,944.49	369.91	4,685.60	-
Water	1,500.00	1,500.00	791.59	-	708.41	-
Telephone	7,000.00	7,300.00	6,697.07	-	602.93	-
Total Operations within "CAPS"	543,110.78	551,110.78	480,570.65	2,922.37	67,617.76	-
Contingent	100.00	100.00	-	-	100.00	-
Total Operations Including Contingent within "CAPS"	543,210.78	551,210.78	480,570.65	2,922.37	67,717.76	-
Detail:						
Salaries and Wages	218,761.78	217,961.78	198,716.49	-	19,245.29	-
Other Expenses	324,449.00	333,249.00	281,854.16	2,922.37	48,472.47	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement Systems	16,367.00	16,367.00	16,367.00	-	-	-
Social Security System (O.A.S.I.)	16,400.00	16,900.00	16,809.91	-	90.09	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	32,767.00	33,267.00	33,176.91	-	90.09	-
Total General Appropriations for Municipal Purposes within "CAPS"	575,977.78	584,477.78	513,747.56	2,922.37	67,807.85	-
OPERATIONS - EXCLUDED FROM "CAPS":						
Other Operations:						
Utility Expenses and Bulk Purchases - TRWRA	183,422.00	183,422.00	182,422.00	1,000.00	-	-
Total Other Operations - Excluded from "CAPS"	183,422.00	183,422.00	182,422.00	1,000.00	-	-
Interlocal Services Agreements:						
TRWRA Study - Borough of Rumson	5,000.00	5,000.00	-	5,000.00	-	-
911 System - County of Monmouth	3,242.00	3,242.00	3,241.09	-	0.91	-
Website Services - Shrewsbury Borough	500.00	500.00	500.00	-	-	-
Fire Department - Shrewsbury Borough:						
Other Expenses	10,000.00	10,000.00	10,000.00	-	-	-
Municipal Court - Borough of Red Bank:						
Other Expenses	9,000.00	9,000.00	9,000.00	-	-	-
Total Interlocal Service Agreements - Excluded from "CAPS"	27,742.00	27,742.00	22,741.09	5,000.00	0.91	-

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
Public and Private Programs Offset by Revenues:						
Recycling Tonnage Grant	3,927.44	3,927.44	3,927.44	-	-	-
Forestry Grant	3,000.00	3,000.00	3,000.00	-	-	-
Total Public and Private Programs Offset by Revenues	6,927.44	6,927.44	6,927.44	-	-	-
Total Operations - Excluded from "CAPS"	218,091.44	218,091.44	212,090.53	6,000.00	0.91	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	30,800.00	30,800.00	30,800.00	-	-	-
Total Capital Improvements Excluded from "CAPS"	30,800.00	30,800.00	30,800.00	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Capital Lease Obligations:						
MCIA - Principal	8,000.00	8,000.00	8,000.00	-	-	-
MCIA - Interest	910.00	910.00	455.00	-	-	455.00
Payment of Bond Principal	95,000.00	95,000.00	95,000.00	-	-	-
Interest on Bonds	33,120.00	33,620.00	33,568.36	-	(0.00)	51.64
Total Municipal Debt Service - Excluded from "CAPS"	137,030.00	137,530.00	137,023.36	-	(0.00)	506.64

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
	12,000.00	12,000.00	12,000.00	-	-	-
	12,000.00	12,000.00	12,000.00	-	-	-
	397,921.44	398,421.44	391,913.89	6,000.00	0.91	506.64
	973,899.22	982,899.22	905,661.45	8,922.37	67,808.76	506.64
	4,190.71	4,190.71	4,190.71	-	-	-
	\$ 978,089.93	\$ 987,089.93	\$ 909,852.16	\$ 8,922.37	\$ 67,808.76	\$ 506.64

Adopted Budget	\$ 978,089.93
Emergency	9,000.00
	<u>\$ 987,089.93</u>

Cash Disbursed	\$ 886,734.01
Deferred Charges	12,000.00
Reserve for Uncollected Taxes	4,190.71
Federal and State Grant Fund	6,927.44
	<u>\$ 909,852.16</u>

DEFERRED CHARGES - EXCLUDED FROM "CAPS":

Deferred Charges:
Special Emergency Authorizations -
5 years (N.J.S. 40A: 4-55)

Total Deferred Charges - Excluded from "CAPS"

Total General Appropriations for Municipal
Purposes Excluded from "CAPS"

Sub-Total General Appropriations
Reserve for Uncollected Taxes

Total General Appropriations

Adopted Budget
Emergency

Cash Disbursed
Deferred Charges
Reserve for Uncollected Taxes
Federal and State Grant Fund

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF SHREWSBURY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 4,226.94	\$ 5,572.20
Total Animal Control Fund		<u>4,226.94</u>	<u>5,572.20</u>
Trust - Other Fund:			
Cash and Cash Equivalents	B-1	<u>16,837.90</u>	<u>18,306.92</u>
Total Trust - Other Fund		<u>16,837.90</u>	<u>18,306.92</u>
Total Assets		<u><u>\$ 21,064.84</u></u>	<u><u>\$ 23,879.12</u></u>
 LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 3,615.60	\$ 3,698.40
Due to Current Fund	B-4	<u>611.34</u>	<u>1,873.80</u>
Total Animal Control Trust		<u>4,226.94</u>	<u>5,572.20</u>
Trust - Other Fund:			
Due to Current Fund	B-5	-	434.82
Various Reserves	B-6	<u>16,837.90</u>	<u>17,872.10</u>
Total Trust - Other		<u>16,837.90</u>	<u>18,306.92</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 21,064.84</u></u>	<u><u>\$ 23,879.12</u></u>

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

TOWNSHIP OF SHREWSBURY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS	REFERENCE	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	C-2,C-3	\$ 434,698.31	\$ 403,007.61
Investment in Special Emergency Note	C-2	36,000.00	48,000.00
CDBG Grant Receivable	C-4	145,000.00	-
Due from MCIA	C-5	25,555.06	25,555.06
Capital Lease Obligation	C	17,000.00	25,000.00
Deferred Charges to Future Taxation:			
Funded	C-6	670,000.00	765,000.00
Unfunded	C-7	<u>691,970.50</u>	<u>11,970.50</u>
 Total Assets		 <u><u>\$ 2,020,223.87</u></u>	 <u><u>\$ 1,278,533.17</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Encumbrances Payable	C-8	\$ 2,500.00	\$ 2,500.00
Improvement Authorizations:			
Funded	C-8	591,170.43	422,279.73
Unfunded	C-8	691,648.00	11,648.00
Capital Obligations Lease Payable	C-9	17,000.00	25,000.00
Serial Bonds Payable	C-10	670,000.00	765,000.00
Capital Improvement Fund	C-11	47,901.59	52,101.59
Fund Balance	C-1	<u>3.85</u>	<u>3.85</u>
 Total Liabilities, Reserves & Fund Balance		 <u><u>\$ 2,020,223.87</u></u>	 <u><u>\$ 1,278,533.17</u></u>

There were Bonds & Notes Authorized but not Issued on December 31, 2014 of \$691,970.50 and on December 31, 2013 was 11,970.50.

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2014 & 2013

\$ 3.85

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	Balance December 31, <u>2014</u>	Balance December 31, <u>2013</u>
Cash and Cash Equivalents	D-1	\$ 957.99	\$ 957.99
Total Assets		<u>\$ 957.99</u>	<u>\$ 957.99</u>
RESERVES			
Reserve for Public Assistance	D-2	\$ 957.99	\$ 957.99
Total Reserves		<u>\$ 957.99</u>	<u>\$ 957.99</u>

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

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	Balance December 31, <u>2014</u>	Balance December 31, <u>2013</u>
Fixed Assets	E-1	\$ 1,036,539.53	\$ 1,036,539.53
Total Assets		<u>\$ 1,036,539.53</u>	<u>\$ 1,036,539.53</u>
RESERVES			
Investment in Fixed Assets	E-1	\$ 1,036,539.53	\$ 1,036,539.53
Total Reserves		<u>\$ 1,036,539.53</u>	<u>\$ 1,036,539.53</u>

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

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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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TOWNSHIP OF SHREWSBURY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Township of Shrewsbury was incorporated in 1923 and is located in eastern New Jersey. The population according to the 2010 census is 5,950.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibilities rest with the Mayor, who is assisted by the Township Clerk.

Component Units

The Township of Shrewsbury had no component units as defined by Governmental Accounting Standards Board Statement No.14.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Township of Shrewsbury contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Shrewsbury accounts for its financial transactions through the use of separate funds which are described as follows:

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

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

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

General Fixed Asset Account Group - to account for fixed assets used in general government operations.

TOWNSHIP OF SHREWSBURY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

TOWNSHIP OF SHREWSBURY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1. Summary of Significant Accounting Policies (continued):

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

TOWNSHIP OF SHREWSBURY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1. Summary of Significant Accounting Policies (continued):

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are established. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Tinton Falls School District and the Monmouth Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Tinton Falls School District and the Monmouth Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31 and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2013 and decreased by the amount deferred at December 31, 2014.

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the rates required to be certified to the County Board of Taxation by May 5th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 2. Cash

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2014, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 971,733.55
Total Deposits	\$ 971,733.55
Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:	
Current Fund	\$ 515,012.41
Animal Control Trust Fund	4,226.94
Trust - Other Fund	16,837.90
General Capital Fund	434,698.31
Public Assistance Fund	957.99
Total Cash	\$ 971,733.55

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2014, the Township's bank balances of \$973,172.32 were exposed to custodial credit risk as follows:

Insured Under F.D.I.C.	\$ 250,000.00
Collateralized Under GUDPA	723,172.32
Total	\$ 973,172.32

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note: 3: Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township, and are held by either the counterparty's trust department or agent but no in the Township name. As of December 31, 2014 the Township's balance of investments was \$36,000.00, which consisted of the Township's current fund special emergency note held by the General Capital fund in the amount \$36,000.00, which are not exposed to custodial credit risk because the investment securities are held by the Township.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits investments that the Township may purchase. The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township does not place a limit on the amount that may be invested in any one issuer. Of the total December 31, 2014 balance of \$36,000.00, \$36,000.00 is recorded in the General Capital Fund.

Note: 4: Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2014	2013	2012
Total Tax Rate	<u>\$2.911</u>	<u>\$2.964</u>	<u>\$2.853</u>
Apportionment of Tax Rate:			
Municipal	1.462	1.429	1.327
County	0.303	0.332	0.278
Regional Elementary School	0.695	0.776	0.779
Regional School	0.451	0.427	0.469

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note: 4: Property Taxes (continued):

Net Valuation Taxable:

2014	\$ 56,854,683.00				
2013		\$ 56,847,388.00			
2012			\$ 56,855,613.00		

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2014	\$ 1,655,039.88	\$ 1,646,306.45	99.47%
2013	1,685,027.13	1,682,053.66	99.82%
2012	1,621,964.20	1,618,187.23	99.77%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2014	\$ -	\$ 8,721.70	\$ 8,721.70	0.53%
2013	-	2,973.47	2,973.47	0.18%
2012	-	3,776.97	3,776.97	0.23%

Note: 5: Property Acquired By Tax Title Lien Liquidation

The Township had no property acquired by liquidation of tax title liens on December 31, 2014.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 6: Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budget.

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2014	\$ 217,544.11	\$ 43,313.00	19.91%
2013	148,909.94	33,642.00	22.59%
2012	31,889.82	29,743.03	93.27%
2011	92,884.65	70,000.00	75.36%
2010	92,127.51	76,000.00	82.49%

Note 7: Pension Plans

The Township contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established in 1955. The PERS provides retirement, death, disability, and medical benefits to qualified members. Vesting and benefit provisions are established by *N.J.S.A.43:15A* and *43:3B*.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.0% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1,

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7: Pension Plans (continued):

2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

Fiscal Year	Normal Contribution	Accrued Liability	Other Liability	Total Liability	Funded by Township
2014	\$ 2,982.00	\$ 13,111.00	\$ 274.00	\$ 16,367.00	\$ 16,367.00

Note 8. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 9. Deferred Regional High School Taxes

Regulations provide for 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 has elected to defer school taxes as follows:

	Regional High School Tax	
	<u>2014</u>	<u>2013</u>
Balance of Tax	\$ 142,820.14	\$ 135,719.87
Deferred	121,215.00	121,215.00
Tax Payable	\$ 21,605.14	\$ 14,504.87

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 10. Interfunds Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2014:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 611.34	\$ 134,725.75
State & Federal Grant Fund	134,725.75	-
Animal Control Fund	-	611.34
	<hr/>	<hr/>
Total	<u>\$ 135,337.09</u>	<u>\$ 135,337.09</u>

The purpose of these interfunds were for short-term borrowing.

Note 11. Capital Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the Township at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 11. Capital Debt (continued):

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
Issued			
General Bonds, Loans and Notes	\$ 670,000.00	\$ 765,000.00	\$ 856,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	670,000.00	765,000.00	856,000.00
	<hr/>	<hr/>	<hr/>
Authorized But Not Issued:			
General Bonds and Notes	691,970.50	11,970.50	11,970.50
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	691,970.50	11,970.50	11,970.50
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 1,361,970.50</u>	<u>\$ 776,970.50</u>	<u>\$ 867,970.50</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
Funds Temporarily Held to Play Bonds and Notes	-	-	-
	<hr/>	<hr/>	<hr/>
Total Deductions	-	-	-
	<hr/>	<hr/>	<hr/>
Net Debt Issued	<u>\$ 1,361,970.50</u>	<u>\$ 776,970.50</u>	<u>\$ 867,970.50</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.457%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District Debt	\$ 215,889.15	\$ 215,889.15	\$ -
General Debt	1,361,970.50	-	1,361,970.50
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 1,577,859.65</u>	<u>\$ 215,889.15</u>	<u>\$ 1,361,970.50</u>

Net Debt, \$1,361,970.50 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$55,424,131.00 equals 2.457%.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 11. Capital Debt (continued):

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$	1,939,844.59
Net Debt		1,361,970.50
 Remaining Borrowing Power	 \$	 577,874.09

A. Serial Bonds Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

<u>GENERAL DEBT</u>					
<u>Year</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2015	\$	98,000.00	\$	29,820.00	\$ 127,820.00
2016		103,000.00		25,510.00	128,510.00
2017		43,000.00		20,980.00	63,980.00
2018		45,000.00		18,830.00	63,830.00
2019		48,000.00		16,467.50	64,467.50
2020-2024		272,000.00		49,535.00	321,535.00
2025-2029		61,000.00		2,592.50	63,592.50
Total	\$	670,000.00	\$	163,735.00	\$ 833,735.00

B. Capital Lease Payable

The Township is leasing certain police cars and equipment under capital leases. The following is a schedule of future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2014.

<u>Year</u>	<u>Amount</u>
2015	\$ 8,590.00
2016	9,270.00
 Total Minimum Lease Payments	 \$ 17,860.00
 Less Amount representing interest	 (860.00)
 Present value of net minimum lease payments	 \$ 17,000.00

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 11. Capital Debt (continued):

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2014, the Township had \$691,970.50 General Capital bonds and notes authorized but not issued.

During the fiscal year ended December 31, 2014 the following changes occurred in capital debt:

	December 31, 2013	Accrued/ Increases	Retired/ Decreases	December 31, 2014	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 765,000.00	\$ -	\$ (95,000.00)	\$ 670,000.00	\$ 98,000.00
Authorized but Not Issued	11,970.50	680,000.00	-	691,970.50	-
Total General Capital	<u>\$ 776,970.50</u>	<u>\$ 680,000.00</u>	<u>\$ (95,000.00)</u>	<u>\$ 1,361,970.50</u>	<u>\$ 98,000.00</u>

Note 12. Special Emergency Notes

The Township had a Special Emergency Note outstanding at December 31, 2014 in the amount of \$36,000. The notes bear an interest rate of 0% and mature on 12/31/2015. The Township's General Capital Fund has invested in these notes. The notes were authorized on 12/31/2012 for the purpose of extraordinary expenses resulting from damage caused by Superstorm Sandy.

Note 13. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	<u>Balance 12/31/2014</u>	<u>2015 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorizations	\$ 36,000.00	\$ 12,000.00
Emergency Appropriation	9,000.00	3,258.00

The appropriations in the 2015 adopted budget are not less than that required by the statutes.

TOWNSHIP OF SHREWSBURY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 14. Joint Insurance Pool

During 2014, the Township of Shrewsbury was provided insurance as part of the Monmouth County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

- Property/Boiler & Machinery
- General Liability
- Auto Liability
- Workers Compensation
- Auto Physical Damage
- Non-owned Aircraft
- Environmental Impairment Liability
- Public Officials
- Employment Practices Liability Coverage

The Fund publishes its own financial report for the year ended December 31, 2014, which can be obtained from:

- Municipal County Joint Insurance Fund
- 9 Campus Drive, Suite 16
- Parsippany, New Jersey 07054

Note 15. New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed 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 contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 122.67	\$ 559.12	\$ 3,854.45
2013	11,836.28	434.66	4,290.90
2012	7,814.29	368.70	(7,110.72)

Note 17. Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

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SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR/TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 503,907.00
Increased By Receipts:		
Revenue Accounts Receivable	\$ 103,105.43	
Miscellaneous Revenue Not Anticipated	15,856.14	
Taxes Receivable	1,639,539.17	
Due From State of New Jersey for Senior Citizens' and Veterans' Deductions	6,932.38	
Prepaid Taxes	3,759.12	
Due to State of New Jersey - Marriage License Fees	100.00	
Due to Animal Control Trust	5,589.26	
Unappropriated Federal and State Grants Receivable	4,000.00	
	<u>1,778,881.50</u>	
		2,282,788.50
Decreased By Disbursements:		
2014 Budget Appropriations	886,734.01	
2013 Appropriation Reserves	6,680.77	
Due to State of New Jersey - Marriage License Fees	150.00	
County Taxes	171,898.24	
Regional School Tax	428,079.09	
Regional High School Tax	249,536.73	
Special Emergency Note	12,000.00	
Accounts Payable - Borough of Shrewsbury	7,601.97	
Tax Overpayments	500.00	
Due to Animal Control trust	3,715.46	
Due from Trust Other Fund	434.82	
Federal and State Grant Appropriated	445.00	
	<u>1,767,776.09</u>	
Balance, December 31, 2014		<u><u>\$ 515,012.41</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Balance December 31, 2013		\$ 500.00
Increased By:		
Cash Receipts	\$ 6,932.38	
Deductions Disallowed By Collector - 2014	<u>2,442.62</u>	
		<u>9,375.00</u>
		9,875.00
Decreased By:		
Senior Citizens' Deductions Per Tax Billing	3,750.00	
Veterans' Deductions Per Tax Billing	4,000.00	
Deductions Allowed By Collector - 2014	<u>625.00</u>	
		<u>8,375.00</u>
Balance, December 31, 2012		<u><u>\$ 1,500.00</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Year</u>	Balance December 31, <u>2013</u>	2014 <u>Levy</u>	<u>2013</u> Collections	<u>2014</u> Collections	Senior Citizens' and Veterans' Deductions Allowed	Cancellations and Adjustments	Balance December 31, <u>2014</u>
2013	\$ 2,973.47	\$ -	\$ -	\$ 2,973.47	\$ -	\$ -	\$ -
2014	-	1,655,039.88	3,808.37	1,636,565.70	5,932.38	11.73	8,721.70
	\$ 2,973.47	\$ 1,655,039.88	\$ 3,808.37	\$ 1,639,539.17	\$ 5,932.38	\$ 11.73	\$ 8,721.70

Analysis of Property Tax Levy

<u>Tax Yield:</u>	
General Purpose Tax	\$ 1,655,039.88
<u>Tax Levy:</u>	
County Taxes	\$ 171,898.24
Regional Elementary School Tax	394,871.00
Regional High School Tax	256,637.00
	<u>823,406.24</u>
Tax for Municipal Purposes	\$ 831,130.49
Additional Taxes Added	503.15
	<u>831,633.64</u>
	<u>\$ 1,655,039.88</u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL ELEMENTARY SCHOOL TAX ADVANCED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 21,068.13
Increased By:	
Cash Disbursements	<u>428,079.09</u>
	449,147.22
Decreased By:	
Levy Calendar Year - 2014	<u>394,871.00</u>
Balance, December 31, 2014	<u><u>\$ 54,276.22</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM ANIMAL CONTROL TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 1,873.80
Increased by:		
Animal Control Trust Fund Excess	\$ 611.34	
Cash Disbursements:		
Expenditures Made on Behalf of Animal Control Fund	<u>3,715.46</u>	<u>4,326.80</u>
		6,200.60
Decreased by:		
Cash Receipts - Interfund Liquidated		<u>5,589.26</u>
Balance, December 31, 2014		<u><u>\$ 611.34</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM TRUST OTHER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 434.82
Decreased by:	
Interfund Liquidated	<u>434.82</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance December 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Collected</u>	Balance December 31, <u>2014</u>
Fines and Costs:				
Municipal Court	\$ 253.06	\$ 358.94	\$ 612.00	\$ -
Licenses				
Alcoholic Beverages	-	2,403.39	2,403.39	-
Energy Tax Receipts	-	71,946.00	71,946.00	-
Consolidated Municipal Property Tax Relief Aid	-	13,957.00	13,957.00	-
Cable TV Franchise Fees	-	14,187.04	14,187.04	-
	<u>\$ 253.06</u>	<u>\$ 102,852.37</u>	<u>\$ 103,105.43</u>	<u>\$ -</u>

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY (NJS 40A:4-53 & N.J.S. 40A-55.1)
 FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Date</u>	<u>Purpose</u>	Amount Authorized	Balance <u>December 31, 2013</u>	Raised 2014 <u>Budget</u>	Balance <u>December 31, 2014</u>
12/17/12	Superstorm Sandy	\$ 60,000.00	\$ 48,000.00	\$ 12,000.00	\$ 36,000.00
			<u>\$ 48,000.00</u>	<u>\$ 12,000.00</u>	<u>\$ 36,000.00</u>

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance <u>December 31, 2013</u>	Added in <u>2014</u>	Raised in 2014 <u>Budget</u>	Balance <u>December 31, 2014</u>
Emergency Authorization (N.J.S.A 40A-4-47)	\$ -	\$ 9,000.00	\$ -	\$ 9,000.00
	<u>\$ -</u>	<u>\$ 9,000.00</u>	<u>\$ -</u>	<u>\$ 9,000.00</u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance				Balance
	December 31, 2013		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 1,260.00	\$ 1,374.69	\$ 2,634.69	\$ -	\$ 2,634.69
Other Expenses	761.19	1,520.85	2,282.04	849.41	1,432.63
Municipal Clerk:					
Salaries and Wages	1,712.96	7,840.73	9,553.69	-	9,553.69
Other Expenses	-	2,880.81	2,880.81	-	2,880.81
Financial Administration (Treasury):					
Salaries and Wages	-	568.99	568.99	-	568.99
Other Expenses	-	4,809.46	4,809.46	-	4,809.46
Mayor and Borough Council					
Salaries and Wages	-	151.40	151.40	-	151.40
Other Expenses	-	1,007.04	1,007.04	-	1,007.04
Revenue Administration (Tax Collection):					
Salaries and Wages	-	153.00	153.00	-	153.00
Other Expenses	-	1,970.16	1,970.16	-	1,970.16
Tax Assessment Administration:					
Salaries and Wages	-	99.34	99.34	-	99.34
Other Expenses	-	601.98	601.98	-	601.98
Legal Services (Legal Department):					
Salaries and Wages	-	53.11	53.11	-	53.11
Other Expenses	-	3,535.69	3,535.69	600.00	2,935.69
Engineering Services:					
Other Expenses	-	3,140.00	3,140.00	885.00	2,255.00
Recycling Program:					
Other Expenses	-	2,599.96	2,599.96	-	2,599.96
INSURANCE (N.J.S.A. 40A:4-45.3(00)):					
Workers Compensation	-	0.77	0.77	-	0.77
Employee Group Health	-	21,415.43	21,415.43	-	21,415.43
PUBLIC SAFETY					
Fire Department					
Other Expenses	305.20	237.60	542.80	305.20	237.60
Office of Emergency Management:					
Other Expenses	-	1,000.00	1,000.00	-	1,000.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	2,027.34	23,338.66	25,366.00	-	25,366.00
Other Expenses	2,066.60	983.79	3,050.39	492.42	2,557.97
Solid Waste Collection:					
Other Expenses	156.00	389.00	545.00	156.00	389.00
Buildings and Grounds:					
Other Expenses	601.73	1,688.75	2,290.48	764.13	1,526.35
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	-	8.68	8.68	-	8.68

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance		Balance After	Paid or	Balance
	December 31, 2013				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
PARKS AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	-	1,500.00	1,500.00	-	1,500.00
Other Expenses	-	1,300.00	1,300.00	-	1,300.00
Senior Citizens:					
Other Expenses	-	1,051.00	1,051.00		1,051.00
SCAT	-	1,036.00	1,036.00	936.00	100.00
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS					
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Code Enforcement Officer					
Salaries and Wages	-	5.22	5.22	-	5.22
UTILITY EXPENSES AND BULK PURCHASES					
Housing Inspector:					
Salaries and Wages	-	63.30	63.30	-	63.30
Other Expenses	-	298.71	298.71	-	298.71
Electricity	-	3,485.39	3,485.39	293.95	3,191.44
Street Lighting	362.88	3,738.56	4,101.44	362.88	3,738.56
Gas (natural or propane)	262.17	4,911.17	5,173.34	736.27	4,437.07
Water	51.30	713.01	764.31	101.33	662.98
Telephone	11.11	549.30	560.41	198.18	362.23
TRWRA	-	1,000.00	1,000.00	-	1,000.00
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	-	1,418.80	1,418.80	-	1,418.80
CONTINGENT	-	100.00	100.00	-	100.00
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
TRWRA Study - Borough of Rumson	2,277.00	1.80	2,278.80	-	2,278.80
Reverse 9-1-1 Notification System		38.00	38.00	-	38.00
Total General Appropriations	\$ 11,855.48	\$ 102,580.15	\$ 114,435.63	\$ 6,680.77	\$ 107,754.86

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE SHREWSBURY BOROUGH
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 7,601.97
Decreased By:	
Cash Disbursements	<u>7,601.97</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 3,808.37
Increased By:	
Cash Receipts	<u>3,759.12</u>
	7,567.49
Decreased By:	
Applied to 2014 Taxes Receivable	<u>3,808.37</u>
Balance, December 31, 2014	<u><u>\$ 3,759.12</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013:		\$ 2,734.98
Decreased by:		
Cash Disbursements	\$ 500.00	
Overpayment Applied	<u>1,098.21</u>	
		<u>1,598.21</u>
Balance, December 31, 2014:		<u><u>\$ 1,136.77</u></u>

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ -
Increased By:		
2014 Tax Levy:		
County Tax	\$ 151,053.95	
County Library Tax	9,625.05	
County Open Space Fund Tax	8,236.94	
County Health	<u>2,982.30</u>	
		<u>171,898.24</u>
		171,898.24
Decreased By:		
Cash Disbursements		<u>171,898.24</u>
Balance, December 31, 2014		<u><u>\$ -</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013:		
School Tax Payable	\$ 14,504.87	
School Tax Deferred	<u>121,215.00</u>	
		\$ 135,719.87
Increased By:		
Levy (School Year July 1, 2014 to June 30, 2015)		<u>256,637.00</u>
		392,356.87
Decreased By:		
Cash Disbursements		249,536.73
Balance, December 31, 2014:		
School Tax Payable	21,605.14	
School Tax Deferred	<u>121,215.00</u>	
		<u>\$ 142,820.14</u>
 <u>2014 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2014		\$ 21,605.14
Tax Paid		<u>249,536.73</u>
		271,141.87
Less:		
Tax Payable, December 31, 2013		<u>14,504.87</u>
Amount Charged To 2014 Operations		<u>\$ 256,637.00</u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 75.00
Increased By:	
Cash Receipts	<u>100.00</u>
	175.00
Decreased By:	
Cash Disbursements	<u>150.00</u>
Balance, December 31, 2014	<u><u>\$ 25.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Purpose</u>	Original Amount Issued	Date of Original Issue	Date Issue	Date of Maturity	Interest Rate	Balance December 31, 2013	Disbursements	Balance December 31, 2014
Superstorm Sandy	\$ 60,000.00	12/31/12	12/31/14	12/31/15	0.00%	\$ 48,000.00	\$ 12,000.00	\$ 36,000.00
						\$ 48,000.00	\$ 12,000.00	\$ 36,000.00

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR HURRICANE SANDY
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013:	\$ 78,985.39
Decreased by:	
Realized as Revenue	<u>12,000.00</u>
Balance, December 31, 2014:	<u><u>\$ 66,985.39</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 132,350.65
Increased by:		
Cash Receipts:		
Unappropriated Grants		<u>4,000.00</u>
		136,350.65
Decreased by:		
Cash Disbursements:		
Appropriated Grants	\$ 445.00	
Adjustments/Cancellations	<u>1,179.90</u>	
		<u>1,624.90</u>
Balance, December 31, 2014		<u><u>\$ 134,725.75</u></u>

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance December 31, <u>2013</u>	Increased By Revenue Anticipated <u>2014</u>	Transferred from <u>Unappropriated</u>	Balance December 31, <u>2014</u>
State of New Jersey:				
Recycling Tonnage Grant	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -
Forestry Grant	-	3,927.44	3,927.44	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 6,927.44	\$ 6,927.44	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Grant</u>	Balance December 31, <u>2013</u>	Transferred From 2014 <u>Appropriations</u>	Paid or <u>Charged</u>	Cancelled/ <u>Adjustment</u>	Balance December 31, <u>2014</u>
State:					
Clean Communities:					
2010	\$ 0.10	\$ -	\$ -	\$ -	\$ 0.10
2013	618.51	-	445.00	-	173.51
Recycling Tonnage Grant	4,208.51	3,927.44	-	-	8,135.95
Forestry Grant	-	3,000.00	-	-	3,000.00
Community Development Block Grant	119,416.19	-	-	-	119,416.19
Miscellaneous Grant	1,179.90	-	-	1,179.90	-
	<u>\$ 125,423.21</u>	<u>\$ 6,927.44</u>	<u>\$ 445.00</u>	<u>\$ 1,179.90</u>	<u>\$ 130,725.75</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Grant</u>	Balance December 31, <u>2013</u>	Cash <u>Receipts</u>	Transferred To Grants <u>Receivable</u>	Balance December 31, <u>2014</u>
State:				
Forestry Grant	\$ 3,000.00	\$ -	\$ 3,000.00	\$ -
Recycling Tonnage Grant	3,927.44	-	3,927.44	-
Clean Communities	-	4,000.00	-	4,000.00
	<u>\$ 6,927.44</u>	<u>\$ 4,000.00</u>	<u>\$ 6,927.44</u>	<u>\$ 4,000.00</u>

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TRUST FUNDS

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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2013	\$ 5,572.20	\$ 18,306.92
Increased By Receipts:		
Dog and Cat License Fees	3,998.60	-
Due to State	245.40	-
Various Reserves	-	879.92
	<u>4,244.00</u>	<u>879.92</u>
	<u>9,816.20</u>	<u>19,186.84</u>
Decreased by:		
Various Reserves	-	1,914.12
Interfund Liquidated	5,589.26	434.82
	<u>5,589.26</u>	<u>2,348.94</u>
Balance, December 31, 2014	<u>\$ 4,226.94</u>	<u>\$ 16,837.90</u>

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 3,698.40
Increased By:		
Cat License Fees Collected	\$ 480.00	
Late Fee Charges	197.00	
Dog License Fees Collected	1,821.60	
2014 Budget Appropriation	<u>1,500.00</u>	
		<u>3,998.60</u>
		7,697.00
Decreased By:		
Expenditures Under R.S. 4:19-15.11	3,470.06	
Excess Due to Current Fund	<u>611.34</u>	
		<u>4,081.40</u>
Balance, December 31, 2014		<u><u>\$ 3,615.60</u></u>

Dog License Fees Collected:		
2012 Fees	\$	1,904.40
2013 Fees		<u>1,711.20</u>
		<u><u>\$ 3,615.60</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ -
Increased By:	
Cash Receipts	<u>245.40</u>
Decreased By:	
Cash Disbursed by Current Fund	
For Dog License Fees Due to State	<u>245.40</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 1,873.80
Increased By:		
Animal Control Trust Fund Excess	\$ 611.34	
Expenditures Made on Behalf of Current Fund	3,470.06	
State Fees Remitted on Behalf of Current Fund	<u>245.40</u>	
		<u>4,326.80</u>
		6,200.60
Decreased By:		
Cash Disbursements		<u>5,589.26</u>
Balance, December 31, 2014		<u><u>\$ 611.34</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST OTHER FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 434.82
Decreased By:	
Cash Disbursed to Current Fund	<u>434.82</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance December 31, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2014</u>
Reserve for:				
Unemployment Fund	\$ 4,290.90	\$ 122.67	\$ 559.12	\$ 3,854.45
Street Openings	1,838.75	751.25	262.50	2,327.50
Engineering Fees	1,276.00	-	1,092.50	183.50
POAA	130.00	6.00	-	136.00
Refundable Deposits	1,000.00	-	-	1,000.00
Recreation	9,336.45	-	-	9,336.45
	<hr/>			
	\$ 17,872.10	\$ 879.92	\$ 1,914.12	\$ 16,837.90
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GENERAL CAPITAL FUND

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**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 451,007.61
Increased By Receipts:		
Cash Receipts:		
2014 Budget Appropriation	\$ 30,800.00	30,800.00
		481,807.61
Decreased By Disbursements:		
Cash Disbursed - Improvement Authorizations	\$ 11,109.30	11,109.30
Balance, December 31, 2014		\$ 470,698.31
Investment in Special Emergency Note		\$ 36,000.00
Cash		434,698.31
		\$ 470,698.31

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance December 31, <u>2014</u>
Investment in Special Emergency Notes	\$ (36,000.00)
Grants Receivable - CDBG	(145,000.00)
Due From MCIA	(25,555.06)
Encumbrances Payable	2,500.00
Capital Improvement Fund	47,901.59
Fund Balance	3.85

<u>Ordinance Number</u>	<u>Improvement Description</u>	
3/25/1997	Various Roadway Improvements	(322.50)
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	102,591.87
5A.1	Various 2001 Capital Projects	35,637.54
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	68.39
9.28.04	Reconstruction and Resurfacing of a Portion of Belshaw Ave.	115.75
7.11.06	Reconstruction and Resurfacing of a Portion of Crawford Street.	64,548.72
10.23.07A	Various 2007 Capital Improvements	209,214.96
8.12.14A	Improvements to Municipal Building	<u>178,993.20</u>
		<u><u>\$ 434,698.31</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ -
Increased by:	
Grants Awarded - ORD #8.12.14A	<u>145,000.00</u>
Balance, December 31, 2014	<u><u>\$ 145,000.00</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MCIA
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2014 & 2013

\$ 25,555.06

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 765,000.00
Decreased By:	
Repayment of Bond Principal	<u>95,000.00</u>
Balance, December 31, 2014	<u><u>\$ 670,000.00</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Description	Balance December 31, 2013	2014 Authorizations	Balance December 31, 2014	Analysis of Balance	
					Expenditures	Unexpended Improvement Authorizations
3/25/1997	Various Roadway Improvements	\$ 322.50	\$ -	\$ 322.50	\$ 322.50	\$ -
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	26.00	-	26.00	-	26.00
10.23.07A	Various 2007 Capital Improvements	11,622.00	-	11,622.00	-	11,622.00
8.12.14A	Improvements to Municipal Building	-	680,000.00	680,000.00	-	680,000.00
		<u>\$ 11,970.50</u>	<u>\$ 680,000.00</u>	<u>\$ 691,970.50</u>	<u>\$ 322.50</u>	<u>\$ 691,648.00</u>

TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2013		Prior Year Encumbrances Reclassified	Capital Improvement Fund	2014 Authorizations		Paid or Charged	Reserve for Encumbrances	Balance December 31, 2014	
				Funded	Unfunded			To Future Taxation Unfunded	Grant			Funded	Unfunded
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	11/14/2000	\$ 100,000.00	\$ 104,791.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200.00	\$ -	\$ 102,591.87	\$ -
5A.1	Various 2001 Capital Improvements	6/12/2001	257,000.00	36,082.54	-	-	-	-	-	445.00	-	35,637.54	-
11.12.02	Resurfacing & Reconstruction of Off-Street Municipal Parking Lots	11/12/2002	106,000.00	68.39	26.00	-	-	-	-	-	-	68.39	26.00
9.28.04	Reconstruction and Resurfacing of a Portion of Belshaw Avenue	9/28/2004	160,000.00	115.75	-	-	-	-	-	-	-	115.75	-
7.11.06	Reconstruction and Resurfacing of a Portion of Crawford Street	7/11/2006	300,000.00	64,548.72	-	-	-	-	-	-	-	64,548.72	-
10.23.07A	Various 2007 Capital Improvements	10/23/2007	791,622.00	216,672.46	11,622.00	2,500.00	-	-	-	7,457.50	2,500.00	209,214.96	11,622.00
8.12.14A	Improvements to Municipal Building	8/12/2014	860,000.00	-	-	-	35,000.00	680,000.00	145,000.00	1,006.80	-	178,993.20	680,000.00
				\$ 422,279.73	\$ 11,648.00	\$ 2,500.00	\$ 35,000.00	\$ 680,000.00	\$ 145,000.00	\$ 11,109.30	\$ 2,500.00	\$ 591,170.43	\$ 691,648.00

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL LEASE OBLIGATION PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 25,000.00
Decreased By:	
Cash Disbursed By Current Fund	8,000.00
Balance, December 31, 2014	\$ 17,000.00

**TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Purpose	Issue Date	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance December 31, 2013	Decreased	Balance December 31, 2014
			Date	Outstanding December 31, 2014	Amount				
Various 2007 Capital Improvements	12/31/2007	\$ 780,000.00	2015	\$ 39,000.00		5.00%	\$ 586,000.00	\$ 37,000.00	\$ 549,000.00
			2016	41,000.00		5.00%			
			2017	43,000.00		5.00%			
			2018	45,000.00		5.25%			
			2019	48,000.00		4.00%			
			2020	50,000.00		4.00%			
			2021	52,000.00		5.25%			
			2022	54,000.00		4.25%			
			2023	57,000.00		4.25%			
			2024	59,000.00		4.25%			
			2025	61,000.00		4.25%			
2009 Pooled Government Loan Program	12/30/2009	392,000.00	2015	59,000.00		4.00%	179,000.00	58,000.00	121,000.00
			2016	62,000.00		4.00%			
							\$ 765,000.00	\$ 95,000.00	\$ 670,000.00

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 52,101.59
Increased By:	
2014 Budget Appropriations	<u>30,800.00</u>
Decreased By:	
Improvement Authorizations Funded	<u>35,000.00</u>
Balance, December 31, 2014	<u><u>\$ 47,901.59</u></u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	Increased By 2014 <u>Authorizations</u>	Balance December 31, <u>2014</u>
3/25/1997	Various Roadway Improvements	\$ 322.50	\$ -	\$ 322.50
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	26.00	-	26.00
10.23.07A	Various Capital Improvements	11,622.00	-	11,622.00
8.12.14A	Improvements to Municipal Building	-	680,000.00	680,000.00
		<u>\$ 11,970.50</u>	<u>\$ 680,000.00</u>	<u>\$ 691,970.50</u>

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PUBLIC ASSISTANCE FUND

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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>P.A.T.F. Account I</u>
Balance, December 31, 2014 & 2013	<u>\$ 957.99</u>

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2014 & 2013

\$ 957.99

GENERAL FIXED ASSETS ACCOUNT GROUP

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**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance December 31, <u>2014 & 2013</u>
Land	\$ 327,400.00
Buildings	539,088.00
Equipment	<u>170,051.53</u>
	<u><u>\$ 1,036,539.53</u></u>

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COMMENTS AND RECOMMENDATIONS

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

We have audited the financial statements – statutory basis of the Township of Shrewsbury in the County of Monmouth for the year ended December 31, 2014.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector and the activities of the Mayor and Council and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

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

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising for the following items:

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

There were no bids in 2015

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Committee.

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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit “for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

During our examination of the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5* we noted the following exception:

Finding 2014-01:

During our review of the Township’s appointed officials approved in the minutes, we noted that the Township appointed a judge, municipal prosecutor, public defender, and court administrator at reorganization despite having a shared service agreement with the Borough of Red Bank Borough who provided those services per agreement.

Recommendation:

The governing body only appoints the proper professionals.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*) noted the following exception:

Finding 2014-02:

During our testing of solicitation of quotes we noted that the contract for the Township’s annual cleaning services did not comply with NJ Public Contracts Law. We noted the contract was award by resolution under the “Unfair and Open Process” which does not require competitive elements but does require the vendor to meet certain reporting requirements which after review were not submitted to Township.

Recommendation:

The Township complies with all requirement of the NJ Public Contracts Law.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

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

“**BE IT RESOLVED** that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Township also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2014 included real estate taxes for 2014.

The last tax sale was held on September 11, 2014 and was complete.

Inspection of 2014 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2014	3
2013	3
2012	5

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed the following exceptions:

Finding 2014-03:

When traced to senior citizen and veteran deduction applications on file, we noted one taxpayer deduction was ineligible for the deduction and another application for a veteran deduction could not be located.

Recommendation:

The Township implement proper controls in place to ensure senior citizen and veteran tax deductions are accurate.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees, examination of employee timecards, and the examination of accumulated withholdings to the proper agencies. We noted the following exceptions:

Finding 2014-04:

During our testing of employee salaries and wages we noted additional wages above employee’s base salary for “merit pay” for various employees were not approved by the governing body nor approved in employee contracts.

Recommendation:

Any additional wages paid to employees beyond approved base salaries per Ordinance are approved by governing body.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-05:

During our payroll testing we noted that there was no back up for the Township's attorney, who was appointed as an employee of the Township, for time spent on legal matters involving the Township.

Recommendation:

We recommend the Township have an independent party review the practices and relationships between the former Township's attorney and governing body. In addition, the former Township's attorney was receiving health benefits.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-06:

During our testing of payroll deductions we noted one employee was reimbursed for pension deductions.

Recommendation:

The Township not reimburses employees for their pension deductions.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-07:

During our testing of employee attendance records, we noted that two employee's accumulated time as of December 31, 2014 was miscalculated. We also noted that one employee's vacation days used exceed the number of days earned as per township policy.

Recommendation:

The Township implements proper controls in order to properly track employee sick and vacation time.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-08:

During our testing of employee attendance records, we noted that employee attendance records were not approved and certified by a supervisor or committee person as required by the township personnel code.

Recommendation:

The Township implements proper controls in order to comply with the townships personnel code's rules and regulations for employment.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-09:

During our testing of employee attendance records, we noted that carryover of employee unused vacation days were approved by the governing body by resolution despite no such benefit in the township's personnel code.

Recommendation:

That all employee benefits be specifically stated in the Township's personnel code.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finance/Tax Office

During our audit of the Finance/Tax Office, the following exceptions were noted:

Finding 2014-10:

During our audit of the Township's general ledgers and subsidiary ledgers of the various funds, we noted the following: (1) The Township did not maintain a proper general ledger for the current fund and general capital fund in accordance with N.J.A.C. 5:30-5.7; (2) the subsidiary ledgers for improvement authorizations in the Township's general capital fund did not agree to the Township's general ledger; (3) the subsidiary ledgers of the Trust-Other reserves did not agree to the Township's general ledger.

Recommendation:

The Township maintains proper general ledgers and subsidiary ledgers for the various funds of the Township.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-11:

During our testing of current fund disbursements, the Township was not able to provide any back up or agreement for a \$650 monthly charge from Alfred Vail Mutual Cooperative's (AVMA) monthly invoices.

Recommendation:

The Township reviews all invoices for proper supporting documentation to substantiate all disbursements made by the Township.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-12:

During our testing of current fund disbursements, we noted a lack of proper documentation and approvals for travel expenses and mileage reimbursement for Township employees.

Recommendation:

The Township implement proper controls over mileage reimbursement to ensure all expenditures are charged to the proper appropriation accounts.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-13:

During our testing of current fund disbursements, we noted that expenditures for debt service were not charged to the proper appropriation accounts as budgeted.

Recommendation:

The Township implement proper controls to ensure all expenditures are charged to the proper appropriation accounts

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-14:

During our testing of the Township's current fund revenues, we noticed a cash receipt for a recycling tonnage grant was posted to the current fund miscellaneous revenue account and not accounted for in the

Township's grant fund.

Recommendation:

The Township record all unappropriated grants received from local, state or federal sources be accounted for in the grant fund and subsequently appropriated in the Township's budget or as an insertion of a special item of revenue in accordance with N.J.S.A. 40A-4-87.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-15:

During our review of the Township's grant fund, we noticed a Community Development Block Grant has an appropriation reserve balance in the amount of \$119,416.19 that remains unexpended for several years.

Recommendation:

The Township review all grant appropriation reserve balances and utilize all possible funding sources for the Township.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-16:

During our testing of general capital fund expenditures, we noted one disbursement charged to Ordinance Number 5A.1 improvement authorization was not authorized in accordance with Section 3 of the Ordinance.

Recommendation:

The Township expend improvement authorizations in accordance with improvements or purposes authorized in Ordinance.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-17:

During our audit it was noted that Ordinance #3/25/1997 in the Township's General Capital Fund has a cash deficit in excess of five years old which violates requirements promulgated by the State of New Jersey, Division of Local Government Services.

Recommendation:

That the Township seek the necessary funding, either through the issuance of bonds, notes, or budget appropriation, for capital ordinances with cash deficits in excess of five years old.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-18:

During our audit of the general capital fund we noted capital ordinance from year 2000 appropriating \$100,000 for providing for inflow and inflow and infiltration corrections to the Townships sewer system has a funded balance of \$104,791.87 on January 1st 2014. The Township has no record of an amending or re-appropriating ordinance for the additional \$4,791.87.

Recommendation:

The Township properly tracks all improvement authorizations in accordance with what was appropriated and authorized in the Ordinance.

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2014-19:

During our audit of the Townships fixed assets, we noted that the Township does not maintain a fixed asset ledger in accordance with N.J.A.C 5:30-5.6. We also noted that the inventory of the Township is not properly tagged and no master inventory list exists.

Recommendation:

That the Township maintains a proper fixed asset accounting and reporting system in accordance with N.J.A.C 5:30-5.6 and the Township implement proper controls in place to track all inventory owned by the Township

Managements Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. All prior year findings have been corrected.

OFFICIALS IN OFFICE

The following officials were in office at December 31, 2014:

NAME	POSITION
Edward P. Nolan	Mayor
Lynda Lettice	Committeemember
Alfred Melillo	Committeemember
Janet Delonardo	Township Clerk
Adeline Schmidt	Chief Financial Officer, Tax Collector
Gene Anthony	Attorney

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "R. W. Allison", with a long horizontal stroke extending to the left.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 23, 2015
Freehold, New Jersey