

BOROUGH OF FARMINGDALE

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2014	2013	2012
Tax Rate	<u>\$ 1.827</u>	<u>\$ 1.943</u>	<u>\$ 1.811</u>
Apportionment of Tax Rate			
Municipal	.217	.212	.219
County	.290	.293	.289
Regional High School	.298	.397	.350
Local School	1.027	1.041	.960
Assessed Valuation			
2014	\$ 150,562,800		
2013		\$ 151,317,900	
2012			\$ 154,327,838

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Currently	
		Cash Collection	Percentage of Collection
2014	\$ 2,750,783	\$ 2,661,707	96.76%
2013	2,942,502	2,812,526	95.58%
2012	2,795,666	2,710,893	96.96%

DELINQUENT TAXES AND TAX TITLE LIENS

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

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2014	\$ 33,725	\$ 108,646	\$ 142,371	5.18%
2013	33,725	143,502	177,227	6.02%
2012	33,725	97,212	130,937	4.68%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, 2011 the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>		<u>Amount</u>
2014	\$	-0-
2013		-0-
2012		-0-

COMPARISON OF WATER RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2014	\$ 342,539	\$ 118,630	\$ 339,834
2013	359,556	117,563	358,490
2012	334,394	122,048	338,879

COMPARISON OF SEWER RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2014	\$ 334,122	\$ 33,480	\$ 342,735
2013	331,641	26,196	324,357
2012	330,387	28,052	332,243

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2014	\$ 471,115	\$ 200,000
2013	520,389	202,964
2012	487,342	194,000
2011	313,715	203,610
2010	407,008	203,610
<u>Water Utility Operating Fund</u>		
2014	\$ 230,173	\$ 164,850
2013	278,849	166,300
2012	270,163	122,176
2011	244,376	100,261
2010	192,257	69,761

COMPARATIVE SCHEDULE OF FUND BALANCES (CONTINUED)

Year		Balance December 31	Utilized in Budget of Succeeding Year
<u>Sewer Utility Operating Fund</u>			
2014	5	77,118	\$ 62,750
2013		63,389	60,000
2012		91,023	79,500
2011		150,196	113,250
2010		263,021	167,772

SUMMARY OF MUNICIPAL DEBT

	Year 2014	Year 2013	Year 2012
<u>Issued</u>			
<u>Water Utility:</u>			
U.S.D.A. Rural Development Program Bonds	\$ 1,068,477	\$ 1,092,205	\$ 1,115,084
<u>Authorized but not Issued</u>			
<u>General Capital:</u>			
Bonds and Notes	537,776	433,775	478,135
<u>Water Utility Capital:</u>			
Bonds and Notes	283,500	324,500	228,000
<u>Sewer Utility:</u>			
Bonds and Notes	30	30	30
	821,306	758,305	706,165
Net Bonds and Notes Issued and Authorized but not Issued	\$ 1 889,783	\$ 1 850,510	\$ 1 821,249

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 .384%

	Gross Debt	Deductions	Net Debt
Water Utility Debt	\$ 1,351,977	\$ 1,351,977	\$ -0-
Sewer Utility Debt	30	30	-0-
General Debt	537,776	-0-	537,776
Regional School Debt	129,565	129,565	-0-
	\$ 2,019,348	\$ 1,481,572	5 537,776

Net Debt \$537,776 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$139,919,409 = .384%.

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

3.5% of Equalized Valuation Basis	\$ 4,897,179
Net Debt	<u>537,776</u>

Remaining Borrowing Power	<u>\$ 4359,403</u>
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CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER UTILITY FUND PER

N.J.S. 40A:2-45

Cash Receipts from Fees or Other Charges for Year and Fund Balance	\$ 506,134
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Deductions:

Operating	\$	
303,500		
Debt Service	<u>76,800</u>	<u>380,300</u>

Excess in Revenue - Self Liquidating	<u>\$ 125,834</u>
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CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY FUND PER

N.J.S. 40A:2-45

Cash Receipts from Fees or Other Charges for Year and Fund Balance	\$ 403,879
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Deductions:

Operating	<u>362,500</u>
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Excess in Revenue - Self Liquidating	<u>\$ 41,379</u>
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BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHOFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
John Morgan	Mayor	
James Daly	Council President	
Michael Burke	Councilman	
Patricia Linszky	Councilwoman	
Michael Romano	Councilman	
George Dyevoich	Councilman	
Don Steinfeld	Councilman	
Corinne DiCorcia	Acting Borough Clerk	
James M. Newman, Esq.	Magistrate	(A)
Cathy Gaertner	Water/Sewer Collector, Registrar, Court Administrator	(A)
Robbin Kirk	Chief Financial Officer, Tax Collector	(B)
John O. Bennett, Dilworth Paxson	Borough Attorney	
Kevin E. Kennedy, Esq.	Planning Board Attorney	

All of the bonds were examined and appeared to be properly executed.

(A) There is a public official's bond in the amount of \$1,000,000 covering personnel in certain named positions.

(B) There is an excess liability blanket surety bond in the amount of \$950,000 for employees not named in designated public official positions.

BOROUGH OF FARMING DALE - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUNDSCHEDULE OF CASH - TREASURER

Balance December 31, 2013			
Increased by Receipts:	A-9		\$ 1,438,476.03
Taxes Receivable	A-6	\$ 2,736,254.27	
Tax Overpayments	A	28,008.28	
Prepaid Taxes	A	60,316.56	
Miscellaneous Revenue not Anticipated	A-2	11,277.91	
State of New Jersey (Ch. 20, P.L. 1971)	A-5	10,750.00	
Revenue Accounts Receivable	A-8	239,257.09	
State Fees Payable		1,252.00	
Accounts Payable			
Interfunds:			
Other		89,467.54	
Grant Fund		4,000.00	
			<u>3,180,583.65</u>
			4,619,059.68
Decreased by Disbursements:			
Budget Appropriations	A-3	526,398.02	
Appropriation Reserves	A-9	31,053.87	
County Taxes Payable	A-9	436,983.76	
Local School District Tax Payable	A-9	1,530,582.50	
Regional High School Tax Payable	A-9	521,170.00	
Interfunds:	A-9		
Other	A-9	162,812.44	
Grant Fund	A-9	8,040.00	
Reserve for Revaluation		36,000.00	
State Fees Payable		1,076.38	
			<u>3,254,116.97</u>
Balance December 31, 2014	A-9		\$ <u><u>1,364,942.71</u></u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

(CHAPTER 20, P.L. 1971)

Increased by:

2014 Senior Citizens and Veterans
Deductions per Tax Duplicate

\$ 11,000.00

Decreased by:
Receipts

10,750.00

Balance December 31, 2014

250.00

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

	Balance Yr	Dec. 31, 2013	2014 Levy	2013	Collections 2014	Due from State	Cancelled	Balance Dec. 31, 2014
1995	5	3,740.36	5	5				5 3,740.36
1997		3,171.75						3,173.25
2000		1,608.95						1,608.95
2001		3,509.73						3,509.73
2011		3,108.79						3,108.79
2012		939.91						939.91
2013		127,421.30			126,412.88			1,008.42
		143,502.29			126,412.88			17,089.41
2014			2,750,782.58	40,865.81	2,609,841.39	11,000.00	(2,481.54)	91,556.92
5		143,502.29	5 2,750,782.58	5 40,865.81	5 2,736,254.27	11,000.00	\$ (2,481.54)	5 108,646.33

Analysis of 2014 Property Tax Yield and Tax Levy

Tax Yield:

General Purpose Tax							5 2,750,782.58	
Added and Omitted Taxes							-0-	
								5 2,750,782.58

Tax Levy:

Local District School Tax (Abstract)						5	1,545,716.00	
Regional District School Tax (Abstract)							448,298.00	
County Taxes:								
County Tax (Abstract)							\$ 383,679.16	
County Library Tax (Abstract)							24,446.12	
County Health Tax (Abstract)							7,575.28	
County Open Space Tax (Abstract)							20,921.99	
Total County Taxes								436,622.55
Local Tax for Municipal Purposes							319,915.80	
Add: Additional Tax Levied							230.23	
								320,146.03
								<u>\$ 2,750,782.58</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2013 and 2014

\$ 33,724.66SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Exhibit A-8

	Accrued in 2014	Collected by Treasurer
Licenses - Alcoholic Beverages	\$ 5,000.00	\$ 5,000.00
Fines and Costs - Municipal Court	11,810.40	11,810.40
Interest and Costs on Taxes	26,981.99	26,981.99
Interest on Investments and Deposits	6,700.20	6,700.20
Cable Television Franchise Fees	30,223.07	30,223.07
Uniform Construction Code Fees	12,221.00	12,221.00
State Aid:		
Consolidated Municipal Property Tax Relief	23,890.00	23,890.00
Energy Receipts Tax	113,318.00	113,318.00
Special Items of Revenue:		
Uniform Fire Safety Act	9,222.55	9,222.55
	<u>\$ 239,367.21</u>	<u>\$ 239,367.21</u>
		<u>\$ 239,257.09</u>
Receipts		110.12
Interfunds		<u>\$ 239,367.21</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2013		\$	89,395.59
Increased by:			
Reserve for Encumbrances			4,730.60
			<u>94,126.19</u>
Decreased by:			
Disbursements	\$	31,053.87	
Balance Lapsed		63,072.32	
		<u>63,072.32</u>	
		\$	<u><u>94,126.19</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

Exhibit A-10

Balance December 31, 2013			361.22
Increased by:			
County Tax	\$	383,679.16	
County Library Tax		24,446.12	
County Health Tax		7,575.28	
County Open Space Tax		20,921.99	
Adjustment to Actual		(.01)	
		<u>436,622.54</u>	
			<u>436,983.76</u>
Decreased by:			
Payments			\$ <u><u>436,983.76</u></u>

BOROUGH OF FARMING DALE - COUNTY OF MONMOUTH
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-11

Balance December 31, 2013:		
School Tax Payable	\$ 444,339.40	
School Tax Deferred	<u>335,362.22</u>	
		\$ 779,701.62
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		1,545,716.00
		2,325,417.62
Decreased by:		
Payments		1,530,582.50
Balance December 31, 2014:		
School Tax Payable	459,472.90	
School Tax Deferred	<u>335,362.22</u>	
		\$ 794,835.12

SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX PAYABLE

Exhibit A-12

Balance December 31, 2013:		
School Tax Payable	\$ 221,884.32	
School Tax Deferred	<u>74,437.69</u>	
		\$ 296,322.01
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		448,298.00
		744,620.01
Decreased by:		
Payments		521,170.00
Balance December 31, 2014:		
School Tax Payable	149,012.32	
School Tax Deferred	<u>74,437.69</u>	
		223,450.01

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Animal Control Trust Fund	Other Trust Fund	General Capital Fund	Water Utility Operating Fund	Water Utility Capital Fund	Public Assistance Fund	Payroll Fund	Sewer Utilit) Operating Fund
Balance December 31, 2013 - Due To/(Due From)	\$ (126,542.55)	\$ (11,061.00)	\$ 59,608.33	5 (159,710.00)	\$ 33,325.67	(3,306.25)	\$ 1,573.47	5 (57,360.77)	5 10,388.00
Increased by:									
Disbursements	162,812.44	331.00	75,847.29	74,634.15	12,000.00				
Revenue Accounts Receivable	110.12	107.77		2.35					
Statutory Excess in Animal Control Trust	2,352.50	2,352.50							
Total Increases	165,275.06	2,791.27	75,847.29	74,636.50	12,000.00				
Total Increases and Balances	(291,817.61)	(13,852.27)	(16,238.96)	(234,346.50)	21,325.67	(3,306.25)	1,573.47	(57,360.77)	10,385.00
Decreased by:									
2014 Budget Appropriation	77,984.56		4,605.39	28,000.00				(4,620.83)	
Receipts	89,467.54		55,809.65		11,923.89			21,734.00	
Total Decreases	117,452.10		60,415.04	28,000.00	11,923.89			17,113.17	
Balance December 31, 2014 - Due 'RV(Due From)	\$ (174,365.51)	\$ (13,852.27)	\$ 44,176.08	\$ (206,346.50)	\$ 33,249.56	\$ (3,306.25)	\$ 1,573.47	\$ (40,247.60)	\$ 10,385.00

CURRENT FUND

SCHEDULE OF INTERFUND

Exhibit A-14

GRANT FUND

Balance December 31, 2013 - Due From		\$	31,253.29
Increased by:			
Transferred from 2014 Budget Appropriation	\$ 4,000.00		
Grant Proceeds Received by Current Fund	<u>4,000.00</u>		
			<u>8,000.00</u>
Decreased by:			
Transferred to 2014 Budget Revenue			39,253.29
Grant Expenditures in Current Fund	4,000.00		
	<u>8,040.00</u>		
			<u>12,040.00</u>
Balance December 31, 2014- Due From		\$	<u>27,213.29</u>

SCHEDULE OF GRANTS RECEIVABLE

Exhibit A-15

<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Realized</u>	<u>Received</u>	<u>Balance Dec. 31, 2014</u>
Clean Communities		\$ 4,000.00	\$ 4,000.00	\$
Clean Energy Block Grant	<u>20,000.00</u>			<u>20,000.00</u>
	5 <u>20,000.00</u>	5 <u>\$ 4,000.00</u>	5 <u>\$ 4,000.00</u>	5 <u>20,000.00</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

Grant		Balance Dec. 31, 2013		Transfer from 2014 Budget Appropriation		Paid or Charged		Balance Dec. 31, 2014
Alcohol Education and Rehabilitation Fund	5	38.86	S		5		5	38.86
Clean Communities Program		13,165.43		4,000.00		8,040.00		9,125.43
Clean Energy Block Grant		20,000.00						20,000.00
Monmouth County Historical Grant		4,690.00						4,690.00
Stormwater Management Grant		5,359.00						5,359.00
		43253.79	5	4,000.00		S 8,040.00	\$	39,213.29

SCHEDULE OF UNAPPROPRIATED RESERVES

Exhibit A-17

Grant
Clean Communities Program

Balance
Dec. 31, 2014
8,000.00

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-I

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2013	\$ 18,557.61	\$ 154,014.41
Increased by Receipts:		
Animal Control Fees	\$ 4,132.20	
Due to State of New Jersey	329.80	
Miscellaneous Reserves		17,039.23
Interfund - Current Fund	107.77	
	<u>4,569.77</u>	<u>17,039.23</u>
	23,127.38	171,053.64
Decreased by Disbursements:		
Expenditures Under R.S. 4:19-15.11	1 946.11	
Miscellaneous Reserves		20,747.20
Interfund - Current Fund		
	<u>1,946.11</u>	<u>20,747.20</u>
Balance December 31, 2014	<u>8 21,181.27</u>	<u>\$ 150,306.44</u>

BOROUGH OF FARMING DALE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-2

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Balance December 31, 2013		\$ 7,494.21
Increased by:		
Fees Collected	\$ 4,132.20	
Due to State Cancelled	1.20	
	4,133.40	
		11,627.61
Decreased by:		
Expenditures Under R.S. 4:19-15.11	1,946.11	
Statutory Excess to Current Fund	2,352.50	
	4,298.61	
Balance December 31, 2014		\$ 7,329.00
<u>Dog License Fees Collected</u>		

<u>Year</u>	<u>Amount</u>
2012	\$ 3,684.00
2013	3,645.00
	\$ 7,329.00

SCHEDULE OF DUE STATE OF NEW JERSEY

Exhibit B-3

Balance December 31, 2013		2.40
Increased by:		
Fees Collected		329.80
		332.20
Increased by:		
Payments to State of New Jersey	331.00	
Balance Cancelled	1.20	
	332.20	
		\$ 332.20

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2013	Increases	Decreases	Balance Dec. 31, 2014
Reserve for:				
Affordable Housing Deposits	\$ 19,239.74	\$ 97.02	\$	\$ 19,336.76
Bequest for John O. Button	5,021.93			5,021.93
Centennial Celebration	6,148.28			6,148.28
Construction Fees	200.00			200.00
Developers Escrow	45,900.86	2,419.30	6,921.50	41,398.66
Main Street Improvements	1,266.35	26.58		1,292.93
Memorial Day Parade	14,709.58	2,416.95		17,126.53
P.O.A.A.	18.00			18.00
Premiums at Tax Sale	32,100.00	8,100.00	25,500.00	14,700.00
Public Defender	5,301.00	20.00		5,321.00
Recreation	1,609.59	12,978.30	7,578.25	7,009.64
Sesso 2-	7,381.79	3.16	7,384.95	
Third Party Lien Redemptions	59,603.46	39,390.20	36,773.84	62,219.82
Unemployment Compensation Insurance	8,218.54	4,613.73	5,050.00	7,781.27
William D. Lutz Memorial Fund	5,481.09	4.08		5,485.17
	<u>5 212,200.21</u>	<u>5 70,069.32</u>	<u>5 89,209.54</u>	<u>193,059.99</u>
Receipts		\$ 17,039.23		
Disbursements			20,747.20	
Interfund - Current Fund		<u>5 3,030.09</u>	<u>68,462.34</u>	
		<u>\$ 70,069.32</u>	<u>5 89,209.54</u>	

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHTRUST FUND

Exhibit B-5

SCHEDULE OF INTERFUND - CURRENT FUND

	<u>Total (Memo Only)</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2013- Due To/(Due From)	(48,547.33)	\$ 11,061.00	5 (59,608.33)
Increased by:			
Disbursements in Current Fund:			
Due to State of New Jersey	331.00	331.00	
Miscellaneous Reserves	68,462.34		68,462.34
Interest Received	107.77	107.77	
Statutory Excess	2,352.50	2,352.50	
Total Increases	<u>71,253.61</u>	<u>2,791.27</u>	<u>68,462.34</u>
Total Increases and Balances	<u>22,706.28</u>	<u>13,852.27</u>	<u>8,854.01</u>
Decreased by:			
Budget Appropriation	4,605.39		4,605.39
Receipts in Current Fund:			
Miscellaneous Reserves	48,424.70		48,424.70
Total Decreases	<u>53,030.09</u>		<u>53,030.09</u>
Balance December 31, 2014 - Due To/(Due From)	\$ (30,323.81)	\$ 13,852.27	\$ (44,176.08)

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2013	\$ 473.25
Increased by:	
Interest Earned	<u>2.35</u>
Balance December 31, 2014	<u><u>\$ 475.60</u></u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

	Balance	Receipts		Transfers		Balance				
	Dec. 31, 2013	Miscellaneous	From	To	Dec. 31, 2014					
Fund Balance	\$ 2,021.10	\$			\$	2,022.10				
Grants Receivable	(88,572.36)		153,000.00			(241,572.36)				
Capital Improvement Fund	32,163.00		15,000.00			17,163.00				
Interfund - Current Fund	159,710.00	2.35	28,000.00	74,634.15		206,346.50				
Reserve for Recreation Building,- Improvement Authorizations:	500.00					500.00				
Ordinance										
Number	Improvement Description									
04-04	Various Road Improvements	1,555.48				1,555.48				
06-03	Community Center A.D.A. Improvements	(637.98)				(637.98)				
08-12	Various Street and Parking Lot Improvements	46,561.02				46,563.02				
10-04	Improvements to Brook Street, Fern Road and Academy Street	(26,054.50)			26,054.50					
11-10	Main Street Streetscape	(54,982.06)		1,488.94		(56,471.00)				
1'2-03	Improvements to Academy Street and Southard Avenue	(71,793.45)		62,733.94	1,945.50	(132,581.89)				
1401	Main Street Streetscape - Phase If			10,411.27	168,000.00	157,588.73				
		473.25	8	2.35	5	270,634.15	5	270,634.15	5	475.60

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	Improvement Authorizations	Raised by Budget Appropriation	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014	
						Expenditures	Unexpended Improvement Authorizations
97-04	Road Improvements to Academy Street	\$ 35,573.10	\$		\$ 35,573.10		35,573.10
98-04	Purchase of a Dump Truck	4,084.00			4,084.00		4,084.00
01-03	Improvements to Smith Street and Other Road Improvements	49,129.72			49,129.72		49,129.77
02-03	Various Road Improvements	14,280.69			14,280.69		14,280.69
03-01	Various Road Improvements	12,297.22			17,297.72		12,297.22
04-03	Various Road Improvements	8,158.78			8,158.78		8,158.78
04-04	Various Road Improvements	1,072.18			1,072.18		1,072.18
06-03	Community Center A.D.A. Improvements	925.48			925.48	637.98	287.50
09-05	Various Street and Parking Lot Improvements	68,000.00			68,000.00		68,000.00
09-06	Improvements to Community Center	11,783.42			11,783.42		11,783.42
10-04	Improvements to Brook Street, Fern Road and Academy Street	32,000.00		26,054.50	5,945.50		5,945.50
11-10	Main Street Streetscape	56,471.00			56,471.00	56,471.00	
12-03	Improvements to Academy Street and Southard Avenue	140,000.00		1,945.50	138,054.50	132,581.89	5,472.61
14-01	Main Street Streetscape - Phase 11		132,000.00		132,000.00		132,000.00
		\$ 433,775.59	\$ 132,000.00	\$ 28,000.00	\$ 537,775.59	\$ 189,690.87	\$ 348,084.72

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2013	\$ 32,163.00
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>15,000.00</u>
Balance December 31, 2014	<u>\$ 17,163.00</u>

SCHEDULE OF INTERFUND - CURRENT FUND

Exhibit C-6

Balance December 31, 2013- Due To	\$ 159,710.00
Increased by:	
Improvement Authorizations Paid in Current Fund	\$ 74,634.15
Interest Earned	<u>2.35</u>
	<u>74,636.50</u>
	234,346.50
Decreased by:	
2014 Budget Appropriations:	
Deferred Charges to Future Taxation Unfunded	<u>28,000.00</u>
Balance December 31, 2014- Due To	<u><u>\$ 206,346.50</u></u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2013		2014		Balance Dec. 31, 2014	
				Funded	Unfunded	Authorizations	Expended	Funded	Unfunded
97-04	Road Improvements to Academy Street	6/02/1997	\$ 125,000.00	\$	\$ 35,573.10	\$	\$	\$	\$ 35,573.10
98-04	Purchase of a Dump Truck	7/03/1998	40,000.00		4,084.00				4,084.00
01-03	Improvements to Smith Street and Other Road Improvements	4/18/2001	130,000.00		49,129.72				49,129.72
02-03	Various Road Improvements	4/17/2002	210,000.00		14,280.69				14,280.69
03-01	Various Road Improvements	7/15/2003	120,000.00		12,297.22				12,297.22
04-03	Various Road Improvements	6/01/2004	115,000.00		8,158.78				8,158.78
04-04	Various Road Improvements	6/01/2004	175,000.00	1,555.48	1,072.18			1,555.48	1,072.18
06-03	Community Center A.D.A. Improvements	12/19/2006	220,000.00		287.50				287.50
08-12,	Various Streets and Parking Lot Improvements	10/07/2008	210,000.00						
09-05		4/22/2009	180,000.00	46,563.02	68,000.00			46,563.02	68,000.00
09-06	Improvements to Community Center	4/22/2009	250,000.00		11,783.42				11,783.42
10-04	Improvements to Brook Street, Fern Road and Academy Street	8/03/2010	200,000.00		5,945.50				5,945.50
11-10	Main Street Streetscape	12/20/2011	240,000.00		1,488.94		1,488.94		
1 ² -03	Improvements to Academy Street and Southard Avenue	5/01/2012	500,000.00		68,206.55		6 ² .733.94		5,472.61
14-01	Main Street Streetscape - Phase 11	7/15/2014	300,000.00			300,000.00	10,411.27	157,588.73	132,000.00
				\$ 48,118.50	5 280,307.60	\$ 300,000.00	\$ 74,634.15	\$ 205,707.23	\$ 348,084.72
Grants Receivable						\$	153,000.00		
Deferred Charges - Unfunded							132,000.00		
Capital Improvement Fund							15,000.00		
						\$	300,000.00		

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Nu mber	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Funded by Budget	Balance Dec. 31, 2014
97-04	Road Improvements to Academy Street	\$ 35,573.10			\$ 35,573.10
98-04	Purchase of Dump Truck	4,084.00			4,084.00
01-03	Improvements to Smith Street and Other Road Improvements	49,129.72			49,129.72
02-03	Various Road Improvements	14,280.69			14,280.69
03-01	Various Road Improvements	12,297.22			12,297.22
04-03	Various Road Improvements	8,158.78			8,158.78
04-04	Various Road Improvements	1,072.18			1,072.18
06-03	Community Center I.E. Improvements	925.48			925.48
08-12, 09-05	Various Street and Parking Lot Improvements	68,000.00			68,000.00
09-06	Improvements to Community Center	11,783.42			11,783.42
10-04	Improvements to Brook Street, Fern Road and Academy Street	32,000.00		26,054.50	5,945.50
11-10	Main Street Streetscape	56,471.00			56,471.00
12-0:3	Improvements to Academy Street and Southard Avenue	140,000.00		1,945.50	138,054.50
14-01	Main Street Streetscape - Phase II		132,000.00		132,000.00
		5 433,775.59	\$ 132,000.00	\$ 28,000.00	8 537,775.59

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>	
Balance December 31, 2013	\$ 302,100.39		8 8,863.92
Increased by Receipts:			
Consumer Accounts Receivable	\$ 339,834.59		
Miscellaneous Revenue not Anticipated	6,049.02		
Interfunds	9,901.91	60,042.66	
	<u>355,785.52</u>		<u>60,042.66</u>
	657,885.91		68,906.58
Decreased by Disbursements:			
Budget Appropriations	343,519.75		
Improvement Authorizations		64,714.93	
Appropriation Reserves	23,253.31		
Interfunds	64,572.50		
	<u>431,345.56</u>		<u>64,714.93</u>
Balance December 31 2014	<u>\$ 226,540.35</u>		<u>\$ 4,191.65</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CASH

		Balance			Transfers	Balance	
		Dec. 31, 2013	Receipts	Disbursed	From	To	Dec. 31, 2014
Fund Balance		\$ 5,861.07	\$				\$ 5,861.07
Capital Improvement Fund		40,755.00				10,000.00	50,755.00
Interfunds:							
Water Utility Operating Fund		67,406.60	60,042.66		51,000.00	4,572.50	81,021.76
Current Fund		3,306.25					3,306.25
Improvement Authorizations:							
Ordinance							
Number	Improvement Description						
93-06	Renovation and Painting of Water Tower	8,924.01					8,924.01
95-06, 96-12	Improvements to Water System	31,087.72					31,087.72
07-03	Improvements to Main Street Well Pump	2,219.00					2,219.00
10-02	Repair of Existing Water Filtration Tank and Installation of New Water Filtration Tank	(160,695.73)				41,000.00	(119,695.73)
13-05	Various Water Plant Repairs	10,000.00		64,714.93	4,572.50		(59,287.43)
		5 8,863.92	5 60,042.66	5 64,714.93	5 55,572.50	5 55,572.50	\$ 4,191.65

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHWATER UTILITY OPERATING FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2013	\$	118,629.55
Increased by:		
2014 Water Rents (Net)		342,538.59
		<hr/> 461,168.14
Decreased by:		
Collections		339,834.59
		<hr/> 121,333.55
Balance December 31, 2014	\$	<hr/> <hr/> 121,333.55

WATER UTILITY CAPITAL FUNDSCHEDULE OF FIXED CAPITAL

Exhibit D-8

		Balance Dec. 31, 2014
		<hr/>
Water Plant and Storage	\$	938,857.31
Various Improvements To Water System		1,004,411.98
Water Mains-Lines		130,846.19
Water Pumps		36,592.90
Construction of Wells		99,602.95
Purchase and Installation of Water Meters		12,790.92
		<hr/> 2,223,102.25
	\$	<hr/> <hr/> 2,223,102.25

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHWATER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2014</u>
Renovation and Painting of Water Tower	8/19/1993	\$ 210,000.00	\$ 8,924.01
Improvement to Water System	10/17/1995, 8/20/1996	1,035,500.00	31,087.72
Improvements to Main Street Well Pump	8/07/2007	32,000.00	2,219.00
Repair of Existing Water Filtration Tank and Installation of New Water Filtration Tank	5/04/2010	300,000.00	300,000.00
Various Water Plant Repairs	10/01/2013	135,000.00	135,000.00
			<u>\$ 477,230.73</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2013</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Other Expenses	5 38,562.55	5 20,283.63	5 58,846.18	5 23,253.31	5 35,592.87
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	<u>1,105.16</u>		<u>1,105.16</u>		<u>1,105.16</u>
	5 39,667.71	5 20,283.63	S 59,951.34	5 23,253.31	5 36,698.03

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Water Capital Fund	Payroll Fund	Sewer Operating Fund
Balance December 31, 2013- Due From/(Due To)	8 28,115.56	\$ 33,325.67	8 67,406.60	\$ (6,986.78)	\$ (32,304.26)
Increased by:					
Interest on Deposits	42.66		42.66		
Disbursements	64,572.50		64,572.50		
Total Increases	64,615.16		64,615.16		
Total Increases and Balances	92,730.72	33,325.67	132,021.76	(6,986.78)	(32,304.26)
Decreased by:			8		
2014 Budget Appropriations	56,500.00		51,000.00		5,500.00
Receipts	9,901.91	76.11			9,825.80
Total Decreases	66,401.91	76.11	51,000.00		15,325.80
Balance December 31, 2014- Due To/(Due From)	8 26,328.81	8 33,249.56	81,021.76	8 (6,986.78)	\$ (47,630.06)

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2013	\$ 40,755.00
Increased by:	
2014 Budget Appropriations	<u>10,000.00</u>
Balance December 31,2014	<u>\$ 50,755.00</u>

WATER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS

Exhibit D-13

Balance December 31, 2013 and 2014	<u>\$ 20,641.14</u>
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BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2013		Expended	Balance Dec. 31, 2014				
		Date	Amount	Funded	Unfunded		Funded	Unfunded			
93-06	Renovation and Painting of Water Tower	8/19/1993	5 210,000.00	5	8,924.01	\$	5	\$ 8,924.01	\$		
95-06, 96-12	Improvement to Water System	10/17/1995, 8/20/1996	1,035,500.00		31,087.72			31,087.72			
07-03	Improvements to Main Street Well Pump	8/07/2007	32,000.00		2,219.00			2,219.00			
10-02	Repair of Existing Water Filtration Tank and Installation of New Water Filtration Tank	5104/2010	300,000.00			38,804.27			38,804.27		
13-05	Various Water Plant Repairs	10/01/2013	135,000.00		10,000.00	125,000.00	69,287.43		65,712.57		
					<u>S 52,230.73</u>	5	<u>163,804.27</u>	<u>\$ 69,287.43</u>	S 42,230.73	5	<u>104,516.84</u>
	Disbursements						64,714.93				
	Interfund - Water Utility Operating Fund						<u>4,572.50</u>				
							<u>5 69,287.43</u>				

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHWATER UTILITY CAPITAL FUND

Exhibit D-15

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2013	\$ 1,130,897.15
Increased by:	
Paid by Operating Budget:	
U.S.D.A. Rural Development Program Bonds	<u>23,761.40</u>
Balance December 31, 2014	<u><u>\$ 1,154,658.55</u></u>

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Exhibit D-16

Ordinance Number	<u>Improvement Description</u>	Balance Dec. 31, 2014
93-06	Renovation and Painting of Water Tower	\$ 8,924.01
95-06, 96-12	Improvement to Water System	31,087.72
07-03	Improvements to Main Street Well Pump	2,219.00
10-02	Improvement to Water System	141,500.00
13-05	Various Water Plant Repairs	<u>10,000.00</u>
		<u><u>\$ 193,730.73</u></u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

WATER UTILITY CAPITAL FUND

Exhibit D-17

SCHEDULE OF U.S.D.A. RURAL DEVELOPMENT PROGRAM BONDS

Improvement Description	Date of Original Issue	Original Issue	Maturities of Loans Outstanding Dec. 31, 2014		Interest Rate	Balance Dec. 31, 2013	Paid by Budget Appropriation	Balance Dec. 31, 2014	
			Date	Amount					
Improvement to Water Plant Facilities	7/18/1975	\$ 171,000.00	7/01/2015	\$ 5,000.00	5.00%	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00	
Water System Improvements	8/17/2001	1,249,100.00	Level Bi-annual Loan Payments of \$35,650						
			2/17/2015	10 8/17/2041	4.875%	1,082,205.10	18,761.40	1,063,443.70	
						<u>5</u>	<u>1,092,205.10</u>	<u>\$ 23,761.40</u>	<u>\$ 1,068,443.70</u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

Exhibit D-18

WATER UTILITY CAPITAL FUNDSCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>		<u>Balance Dec. 31, 2014</u>
10-02	Repair of Existing Water Filtration Tank and	\$	158,500.00
	Installation of New Water Filtration Tank		125,000.00
12-15	Various Water Plant Repairs	\$	283,500.00

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit S-5

SCHEDULE OF SEWER UTILITY CASH

	Operating	Capital
Balance December 31, 2013	5 259,926.79	S 12,375.21
Increased by Receipts:		
Consumer Accounts Receivable	316,499.46	
Prepaid Rents	40,254.84	
Interest on Deposits	1,082.56	
Miscellaneous Revenue	5,600.58	62.03
	<u>363,437.44</u>	<u>62.03</u>
	623,364.23	12,437.24
Decreased by Disbursements:		
Budget Appropriations	344,898.70	
Appropriation Reserves	224.04	
Interfunds	15,325.80	
Reserve for Encumbrances		
	<u>360,448.54</u>	
Balance December 31, 2014	<u><u>5 262,915.69</u></u>	<u><u>5 12,437.24</u></u>

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

SEWER UTILITY CAPITAL FUND

Exhibit S-6

ANALYSIS OF CASH

		<u>Balance</u>		<u>Balance</u>
		<u>Dec. 31, 2013</u>	<u>Miscellaneous</u>	<u>Dec. 31, 2014</u>
Fund Balance	5	4,559.00		\$ 4,559.00
Capital Improvement Fund		166,352.00		166,352.00
Interfund - Sewer Operating Fund		(162,535.79)	62.03	(162,473.76)
Improvement Authorizations:				
<u>Ordinance</u>	<u>Improvement Description</u>			
<u>Date</u>				
5/02/2000	Improvements to Walnut Street Sewers	4,000.00		4,000.00
		5 12,375.21	5 62.03	5 12,437.24

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTHSEWER UTILITY OPERATING FUND

Exhibit S-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2013		5	33,479.64
Increased by:			
2014 Sewer Rents (Net)			334,121.64
			<u>367,601.28</u>
Decreased by:			
Prepayments Applied	S	26,235.32	
Collections		<u>316,499.46</u>	
			<u>342,734.78</u>
Balance December 31, 2014		S	<u><u>24,866.50</u></u>

SEWER UTILITY CAPITAL FUNDSCHEDULE OF FIXED CAPITAL

Exhibit S-8

<u>Improvement Description</u>	Balance Dec. 31, 2013 and 2014
Construction of Sewer Collection System	<u><u>2,181,642.60</u></u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Exhibit S-9

<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u> <u>Amount</u>		Balance Dec. 31, 2013 and 2014
Improvements to Walnut Street Sewers	5/02/2000	S 4,000.00	5	4,000.00
Sewer Improvements to Brookside Estates	2/06/2001	25,000.00		30.00
			S	<u><u>4,030.00</u></u>

BOROUGH OF FARM INGDALE - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Schedule S-10

SCHEDULE OF APPROPRIATION RESERVES

		<u>Balance</u> <u>Dec. 31, 2013</u>		<u>Paid or</u> <u>Charged</u>		<u>Balance</u> <u>Lapsed</u>
Operating:						
Other Expenses	5	26,449.15	5	224.04	5	26,225.11
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.1.)		<u>524.37</u>				<u>524.37</u>
	<u>S</u>	<u>26,973.52</u>	<u>5</u>	<u>224.04</u>	<u>5</u>	<u>26,749.48</u>

BOROUGH OF FARM INGDALE - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Exhibit S-1

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Water Operating Fund	Payroll Fund	Sewer Capital Fund	Current Fund
Balance December 31, 2013 - Due To/(From)	\$ 127,828.90	\$ (32,304.26)	5 7,985.37	\$ 162,535.79	\$ (10,388.00)
Decreased by:					
Interest on Deposits	62.03			62.03	
Disbursements	15,325.80	15,325.80			
Total Decreases	15,387.83	15,325.80		62.03	0.00
Balance December 31, 2014 - Due To/(From)	\$ 112,441.07	5 (47,630.06)	\$ 7,985.37	\$ 162,473.76	5 (10,388.00)

BOROUGH OF FARMINGDALE - COUNTY OF MONMOUTH

SEWER UTILITY CAPITAL FUND

Exhibit S-12

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2013 and 2014</u>	
			<u>Funded</u>	<u>Unfunded</u>
Sewer Improvements to Brookside Estates	2/06/2001	\$ 25,000.00	\$	\$ 30.00
Improvements to Walnut Street Sewers	5/02/2000	4,000.00	<u>4,000.00</u>	<u> </u>
			<u>\$ 4,000.00</u>	<u>\$ 30.00</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Exhibit S-13

<u>Ordinance Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>
2/06/2001	Sewer Improvements to Brookside Estates	<u>30.00</u>

BOROUGH OF FARMINGDALE

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
 of the Borough Council
 Borough of Farmingdale
 County of Monmouth
 Farmingdale, New Jersey 07727

We have audited the consolidated financial statements of the Borough of Farmingdale (the "Borough"), as of and for the year ended December 31, 2014, and have issued our report thereon dated March 4, 2016. Our report disclosed that, as described in Note I to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with 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 in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated March 4, 2016.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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Independent Auditors

March 4, 2016

BOROUGH OF FARIVINGDALE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31 2014

An audit of the financial accounts and transactions of the Borough of Farmingdale, in the County of Monmouth, for the year ended December 31, 2014, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Chief Financial Officer, Treasurer, Tax Collector, and the activities of the Mayor and Commissioners and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had not been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

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 Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material 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 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 amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2010, the public contracts law was amended to change the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2011, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

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

Where expenditures of \$2,625.00 or more are made On applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent).

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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:11-4.

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... ... the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

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

Contracts for professional services, which were on file, were examined and were advertised according to statute.

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.

Collection of Interest on Delinquent Taxes and Delinquent Water-Sewer Rents

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 7, 2014 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Council of the Borough of Farmingdale, that the taxes due the Borough of Farmingdale shall be payable on February 1, May 1, August 1 and November 1 of each year, after which dates, if unpaid shall become delinquent. From and after the respective dates herein before provided for taxes to become delinquent, the taxpayer of property assessed shall be subject to interest not to exceed 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 pursuant to Chapter 46, Laws of 1970, State of New Jersey provided, however, that in the event said taxes are paid within ten (10) days from the date said taxes become due, no interest shall be charged.

BE IT FURTHER RESOLVED, that an additional penalty of six (6) percent be charged on any delinquency in excess of ten thousand (\$10,000) dollars and such delinquency shall be calculated on the sum of all taxes from year to year and not to be calculated on an individual year basis as permitted by N.J.S.A. 54:4-67."

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

Delinquent Taxes and Tax Title Liens

The last tax sale held on December 30, 2013 was complete.

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

Year	<u>Number of Liens</u>
2014	5
2013	5
2012	5

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 & 2015 Taxes	14
Payments of Water-Sewer Charges	14
Delinquent Taxes	6
Delinquent Water-Sewer Charges	2

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure when possible.

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Animal License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

An audit of the Public Assistance Fund was performed and the required report was filed with the Department of Human Services, Division of Family Development.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Local School District Tax and Regional High School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2014.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Finding 13-02, 13-03 and 13-04 were not corrected in 2014 and appear as Findings 14-02, 14-03 and 14-04 for the period under audit.

FINDINGS/RECOIVEVIENDATIONS

Payroll

14-01 Finding — The payroll and payroll agency accounts were not reconciled as of December 31, 2014 and since they contained material interfunds with other funds the audit could not be completed until they were presented for audit.

14-01 Recommendation — That the payroll accounts be reconciled monthly.

Interfunds

14-02 Finding — There are a number of interfunds on the balance sheets as at December 31.

14-02 Recommendation — That an effort be made to liquidate all interfunds prior to December 31.

Escrow Reserve Balances

14-03 Finding — The escrow reserve subsidiary account balances were not in agreement with the general ledger.

14-03 Recommendation — That internal controls be enhanced to ensure that the Borough's escrow subsidiary account balances are in agreement with the general ledger.

Tax Collector — Delinquent Balances

14-04 Finding — There remains delinquent taxes receivable balances originating from 2001 and prior.

14-04 Criteria — Unpaid taxes are generally subject to tax sale in the succeeding year when unpaid. If it is determined that such amounts are not collectable such amounts should be cancelled by the governing body.

14-04 Recommendation — That the status of the 2001 and prior outstanding tax receivable balance be determined and that appropriate action be taken.

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendation, or should you desire assistance in implementing our recommendation, please contact us at your earliest opportunity.

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RECOMMENDATIONS

Payroll

That the payroll accounts be reconciled on a monthly basis.

Interfunds

That an effort be made to liquidate all interfunds prior to December 31.

Escrow Reserve Balances

That internal controls be enhanced to ensure that the Borough's escrow subsidiary account balances are in agreement with the general ledger.

Tax Collector — Delinquent Balances

That the status of the 2001 and prior outstanding tax receivable balance be determined and that appropriate action be taken.

* * * * *

A Corrective Action Plan, which outlines the Borough of Farmingdale, will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Municipal Clerk in the Borough of Farmingdale within 45 days of this notice.

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The above summary or synopsis was prepared from the report of the Borough of Farmingdale, County of Monmouth for the calendar year 2014. This report of audit, submitted by Robert A. Hulsart and Company, Registered Municipal Accountants, is on file at the Borough Clerk's office and may be inspected by any interested persons.

Clerk