

TOWNSHIP OF LIBERTY

COUNTY OF WARREN

REPORT OF AUDIT

2014

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LIBERTY

COUNTY OF WARREN

REPORT OF AUDIT

2014

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TOWNSHIP OF LIBERTY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Liberty
Great Meadows, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

The Honorable Mayor and Members
of the Township Committee
Township of Liberty
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2015 on our consideration of the Township of Liberty's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

March 21, 2015
Mount Arlington, New Jersey



William F. Schroeder
Registered Municipal Accountant No. 452
Certified Public Accountant

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
CURRENT FUND

TOWNSHIP OF LIBERTY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,510,862.85	\$ 2,433,605.68
Petty Cash Fund		200.00	200.00
Change Fund		50.00	50.00
		<u>2,511,112.85</u>	<u>2,433,855.68</u>
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		3,706.25	3,456.25
		<u>2,514,819.10</u>	<u>2,437,311.93</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	241,429.29	228,528.51
Tax Title Liens Receivable	A-8	386,468.10	356,395.30
Property Acquired for Taxes at Assessed Valuation		108,200.00	108,200.00
End of Year Tax Penalty Receivable		2,028.66	1,955.64
Due From Animal Control Fund	B	5.40	
		<u>738,131.45</u>	<u>695,079.45</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)		31,025.08	74,025.08
		<u>31,025.08</u>	<u>74,025.08</u>
Total Regular Fund			
		<u>3,283,975.63</u>	<u>3,206,416.46</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	2,991.16	6,080.28
Federal and State Grants Receivable	A-13	123,916.12	123,916.12
		<u>126,907.28</u>	<u>129,996.40</u>
Total Federal and State Grant Fund			
		<u>126,907.28</u>	<u>129,996.40</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,410,882.91</u>	<u>\$ 3,336,412.86</u>

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

	Ref.	December 31,	
		2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 40,961.68	\$ 25,412.44
Unencumbered	A-3;A-11	196,263.05	191,367.88
		<u>237,224.73</u>	<u>216,780.32</u>
Prepaid Taxes		51,745.48	48,282.13
County Taxes Payable		757.70	
Regional School Tax Payable	A-12	1,007,272.78	983,339.76
Accounts Payable - Vendors			765.40
Payroll Deductions Payable		9,404.58	9,383.51
Due to State of New Jersey:			
Marriage License Fees		100.00	75.00
		<u>1,306,505.27</u>	<u>1,258,626.12</u>
Reserve for Receivables and Other Assets	A	738,131.45	695,079.45
Fund Balance	A-1	1,239,338.91	1,252,710.89
Total Regular Fund		<u>3,283,975.63</u>	<u>3,206,416.46</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-14	123,741.30	126,721.88
Unappropriated Reserve for Grants	A-15	3,165.98	3,274.52
Total Federal and State Grant Fund		<u>126,907.28</u>	<u>129,996.40</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,410,882.91</u>	<u>\$ 3,336,412.86</u>

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

	Ref.	Year Ended December 31,	
		2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 550,000.00	\$ 550,000.00
Miscellaneous Revenue Anticipated		308,776.74	303,897.82
Receipts from:			
Delinquent Taxes		260,996.95	237,150.79
Current Taxes		7,580,741.55	7,526,183.72
Prior Year Tax Penalty Receipts		1,955.64	1,313.75
Nonbudget Revenue		19,297.15	19,097.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		165,356.68	218,113.51
Cancellation of Grant Appropriation Reserves		526.00	24,736.82
Tax Overpayments Canceled		13.08	2,791.52
Accounts Payable Cancelled		765.40	
Interfund Returned			11,000.00
		<u>8,888,429.19</u>	<u>8,894,285.83</u>
Total Income			
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,313,783.69	1,335,463.27
County Taxes		2,047,385.17	2,023,039.41
Regional School Districts Taxes		4,934,695.00	4,886,829.00
Open Space Trust Taxes		53,905.91	54,260.48
Cancellation of Grant Fund Account Receivable		526.00	34,599.02
Prior Year Senior Citizen Deductions Disallowed		1,500.00	750.00
Interfund Advanced		5.40	
		<u>8,351,801.17</u>	<u>8,334,941.18</u>
Total Expenditures			
Excess in Revenue		536,628.02	559,344.65
<u>Fund Balance</u>			
Balance January 1		<u>1,252,710.89</u>	<u>1,243,366.24</u>
		1,789,338.91	1,802,710.89
Decreased by:			
Utilized as Anticipated Revenue		<u>550,000.00</u>	<u>550,000.00</u>
Balance December 31	A	<u>\$ 1,239,338.91</u>	<u>\$ 1,252,710.89</u>

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

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

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 550,000.00	\$ 550,000.00	
Miscellaneous Revenue:			
Alcoholic Beverage Licenses	5,000.00	5,231.58	\$ 231.58
Interest and Costs on Taxes	40,000.00	56,848.10	16,848.10
Interest on Investments	11,500.00	14,160.45	2,660.45
Consolidated Municipal Property Tax Relief Act	7,692.00	7,692.00	
Energy Receipts Tax	180,911.00	180,911.00	
Reserve for Garden State Preservation Trust Fund	34,362.00	34,362.00	
Clean Communities	9,571.61	9,571.61	
	<u>289,036.61</u>	<u>308,776.74</u>	<u>19,740.13</u>
Receipts from Delinquent Taxes	<u>205,000.00</u>	<u>260,996.95</u>	<u>55,996.95</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>849,816.00</u>	<u>1,124,755.47</u>	<u>274,939.47</u>
Budget Totals	1,893,852.61	2,244,529.16	350,676.55
Nonbudget Revenue		<u>19,297.15</u>	<u>19,297.15</u>
	<u>\$ 1,893,852.61</u>	<u>\$ 2,263,826.31</u>	<u>\$ 369,973.70</u>

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

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes	\$ 7,580,741.55	
Allocated to School, County and Open Space Taxes	7,035,986.08	
Balance for Support of Municipal Budget	<u>544,755.47</u>	
Add: Appropriation "Reserve for Uncollected Taxes"	<u>580,000.00</u>	
Realized for Support of Municipal Budget		<u><u>\$ 1,124,755.47</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	\$ 224,552.45	
Tax Title Liens	<u>36,444.50</u>	
		<u><u>\$ 260,996.95</u></u>
Analysis of Nonbudget Revenue:		
Treasurer:		
Cable TV Franchise Fee	\$ 7,974.77	
Tax Sale Premium Lapsed to Township	6,100.00	
Other Miscellaneous	<u>2,818.15</u>	
		\$ 16,892.92
Statutory Excess in Reserve for Animal Control Expenditures		<u>2,404.23</u>
		<u><u>\$ 19,297.15</u></u>

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries & Wages	\$ 4,400.00	\$ 4,400.00	\$ 4,373.00	\$ 27.00	
Other Expenses	5,000.00	5,000.00	4,571.06	428.94	
Mayor and Council:					
Salaries & Wages	11,525.00	11,525.00	10,645.00	880.00	
Other Expenses	1,918.00	1,918.00	1,318.00	600.00	
Municipal Clerk:					
Salaries & Wages	81,660.00	82,860.00	82,563.43	296.57	
Other Expenses	14,025.00	14,025.00	8,200.67	5,824.33	
Financial Administration:					
Salaries & Wages	24,602.00	24,602.00	24,602.00		
Other Expenses	11,308.00	11,308.00	10,889.74	418.26	
Annual Audit	17,500.00	17,500.00	17,500.00		
Collection of Taxes:					
Salaries & Wages	22,743.00	22,743.00	22,743.00		
Other Expenses	5,360.00	5,360.00	2,934.46	2,425.54	
Assessment of Taxes:					
Salaries & Wages	21,432.00	21,432.00	21,432.00		
Other Expenses	7,735.00	7,735.00	6,585.67	1,149.33	
Legal Services and Costs:					
Other Expenses	43,750.00	43,750.00	31,543.82	12,206.18	
Engineering Services and Costs:					
Other Expenses	17,000.00	17,000.00	571.25	16,428.75	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
Municipal Land Use Law (N.J.S.A. 40:55D-1) :					
Municipal Land Use Board:					
Salaries & Wages	\$ 7,805.00	\$ 7,805.00	\$ 7,805.00		
Other Expenses	4,390.00	4,390.00	864.81	\$ 3,525.19	
Zoning Officer:					
Salaries & Wages	10,087.00	10,087.00	10,087.00		
PUBLIC SAFETY:					
Emergency Management Service:					
Salaries & Wages	1,840.00	1,840.00		1,840.00	
Other Expenses	6,200.00	6,200.00		6,200.00	
First Aid Organization - Contribution:					
Independence Township	15,000.00	15,000.00	15,000.00		
Aid to Volunteer Fire Companies:					
Liberty Township Fire Companies	15,000.00	15,000.00	15,000.00		
Fire Prevention Bureau:					
Other Expenses	250.00	250.00		250.00	
Fire Department:					
O.S.H.A Required Equipment	14,150.00	14,150.00	14,098.34	51.66	
Insurance:					
Liability Insurance	47,250.00	47,250.00	47,008.00	242.00	
Worker's Compensation	23,500.00	23,500.00	22,861.00	639.00	
Group Insurance Plan for Employees	28,000.00	28,000.00	26,323.80	1,676.20	
Municipal Court:					
Other Expenses	4,600.00	4,600.00	3,788.62	811.38	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
PUBLIC WORKS FUNCTIONS:					
Road Repairs and Maintenance:					
Salaries & Wages	\$ 173,460.00	\$ 172,260.00	\$ 157,360.41	\$ 14,899.59	
Other Expenses	140,000.00	140,000.00	123,397.93	16,602.07	
Garbage and Trash Removal:					
Other Expenses	8,000.00	8,000.00	1,000.92	6,999.08	
Public Buildings and Grounds:					
Other Expenses	69,000.00	69,000.00	38,809.64	30,190.36	
HEALTH AND WELFARE:					
Environmental Commission (N.J.S.A. 40A: 56 ET SEQ):					
Salaries & Wages	3,060.00	3,060.00	3,060.00		
Other Expenses	6,880.00	6,880.00	1,495.00	5,385.00	
Dog Regulation:					
Salaries & Wages	5,358.00	5,358.00	5,358.00		
Senior Citizen Center - Contribution	2,000.00	2,000.00	2,000.00		
PARKS AND RECREATION FUNCTIONS:					
Recreation:					
Salaries & Wages	35,927.00	35,927.00	35,927.00		
Other Expenses	22,900.00	22,900.00	16,775.13	6,124.87	
Maintenance of Parks:					
Other Expenses	4,000.00	4,000.00	2,826.64	1,173.36	
Beach and Boardwalk:					
Other Expenses	3,745.00	3,745.00	1,787.61	1,957.39	
Utility Expenses and Bulk Purchases	47,500.00	47,500.00	41,365.73	6,134.27	
Total Operations Within "CAPS"	989,860.00	989,860.00	844,473.68	145,386.32	
Detail:					
Salaries & Wages	403,899.00	403,899.00	385,955.84	17,943.16	
Other Expenses	585,961.00	585,961.00	458,517.84	127,443.16	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Cont'd):					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 31,500.00	\$ 31,500.00	\$ 29,352.52	\$ 2,147.48	
Unemployment Compensation	2,600.00	2,600.00	2,377.19	222.81	
Public Employees' Retirement System	37,221.00	37,221.00	33,558.64	3,662.36	
Defined Contribution Retirement Program	100.00	100.00		100.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	71,421.00	71,421.00	65,288.35	6,132.65	
Total General Appropriations for Municipal Purposes Within "CAPS"	1,061,281.00	1,061,281.00	909,762.03	151,518.97	
State and Federal Programs Offset by Revenues:					
Clean Communities	9,571.61	9,571.61	9,571.61		
Total State and Federal Programs Offset by Revenues	9,571.61	9,571.61	9,571.61		
Detail:					
Other Expenses	9,571.61	9,571.61	9,571.61		
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Improvements to Municipal Facilities	164,000.00	164,000.00	121,199.19	42,800.81	
Computer Equipment	6,000.00	6,000.00	4,056.73	1,943.27	
Total Capital Improvements - Excluded from "CAPS"	190,000.00	190,000.00	145,255.92	44,744.08	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS": Loan Repayments for Principal and Interest	\$ 10,000.00	\$ 10,000.00	\$ 9,931.08		\$ 68.92
Deferred Charges - Municipal - Excluded from "CAPS": Special Emergency Authorization - 5 Years (N.J.S.A 40A:4-55)	43,000.00	43,000.00	43,000.00		
Total General Appropriations - Excluded from "CAPS"	252,571.61	252,571.61	207,758.61	\$ 44,744.08	68.92
Subtotal General Appropriations	1,313,852.61	1,313,852.61	1,117,520.64	196,263.05	68.92
Reserve for Uncollected Taxes	580,000.00	580,000.00	580,000.00		
Total General Appropriations	<u>\$1,893,852.61</u>	<u>\$1,893,852.61</u>	<u>\$1,697,520.64</u>	<u>\$ 196,263.05</u>	<u>\$ 68.92</u>

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 1,893,852.61</u>	
		<u>\$ 1,893,852.61</u>	
Reserve for Uncollected Taxes			\$ 580,000.00
Reserve for Encumbrances	A		40,961.68
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			9,571.61
Deferred Charges:			
Special Emergency Authorizations			43,000.00
Cash Disbursed			<u>1,026,519.89</u>
			1,700,053.18
Less: Appropriation Refunds			<u>2,532.54</u>
			<u>\$ 1,697,520.64</u>

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
TRUST FUNDS

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

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 5,822.20	\$ 5,844.00
		<u>5,822.20</u>	<u>5,844.00</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	339,748.66	444,181.77
Deficit in Open Space Trust Fund		56,652.71	
		<u>396,401.37</u>	<u>444,181.77</u>
TOTAL ASSETS		<u><u>\$ 402,223.57</u></u>	<u><u>\$ 450,025.77</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 5,596.80	\$ 5,376.00
Reserve for Encumbrances		220.00	468.00
Due to Current Fund	A	5.40	
		<u>5,822.20</u>	<u>5,844.00</u>
Other Trust Funds:			
Due to General Capital Fund - Open Space Trust	C	57,000.00	
Reserve for:			
Recreation		27,555.62	29,028.27
Housing Trust		88,540.81	68,923.32
Open Space Trust			92,306.44
Performance Escrow and Bonds		149,304.94	149,823.74
Snow Removal Reserve		30,000.00	30,000.00
Tax Sale Premiums		44,000.00	74,100.00
		<u>396,401.37</u>	<u>444,181.77</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 402,223.57</u></u>	<u><u>\$ 450,025.77</u></u>

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

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

NOT APPLICABLE

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

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

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 171,443.06	\$ 351,904.21
Due From Open Space Trust Fund	B	57,000.00	
Deferred Charges to Future Taxation:			
Funded		9,784.06	19,375.35
Unfunded	C-4		200,000.00
TOTAL ASSETS		<u>\$ 238,227.12</u>	<u>\$ 571,279.56</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7		\$ 200,000.00
Green Acres Loan Payable	C-9	\$ 9,784.06	19,375.35
Improvement Authorizations:			
Funded	C-5	83,795.53	97,256.68
Reserve for Marble Hill		12,255.40	12,255.40
Capital Improvement Fund	C-6	113,555.44	223,555.44
Fund Balance	C-1	18,836.69	18,836.69
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 238,227.12</u>	<u>\$ 571,279.56</u>

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

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

	<u>Ref</u>	
Balance December 31, 2013	C	<u>\$ 18,836.69</u>
Balance December 31, 2014	C	<u><u>\$ 18,836.69</u></u>

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
WATER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
BOND AND INTEREST FUND

NOT APPLICABLE

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

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

	December 31,	
	2014	2013
<u>ASSETS</u>		
Land	\$ 71,400.00	\$ 71,400.00
Buildings	1,485,008.00	1,485,008.00
Equipment and Vehicles	1,223,404.00	1,213,085.00
<u>TOTAL ASSETS</u>	<u>\$ 2,779,812.00</u>	<u>\$ 2,769,493.00</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 2,779,812.00	\$ 2,769,493.00
<u>TOTAL RESERVES</u>	<u>\$ 2,779,812.00</u>	<u>\$ 2,769,493.00</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Liberty include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Liberty, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Liberty do not include the operations of the Volunteer Fire and First Aid Squads.

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

B. Description of Funds

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

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

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

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

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

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

B. Basis of Accounting (Cont'd)

General Fixed Assets Account Group – These accounts were established with values of land, buildings and certain fixed assets of the Township as discussed under the caption “Basis of Accounting”.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow:

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

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

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

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

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

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

C. Basis of Accounting (Cont'd)

The cash basis of accounting is followed in the Other Trust Fund and the General Capital Fund.

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

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

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

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

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

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

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

(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

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 balance sheets.

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

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

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

Note 2: Long-Term Debt

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

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

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

Summary of Municipal Debt

	December 31,		
	2014	2013	2012
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 9,784.06	\$ 219,375.35	\$ 278,777.65
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 9,784.06</u>	<u>\$ 219,375.35</u>	<u>\$ 278,777.65</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 .004%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 9,784.06		\$ 9,784.06
Regional School District Debt	1,808,624.70	\$ 1,808,624.70	
	<u>\$ 1,818,408.76</u>	<u>\$ 1,808,624.70</u>	<u>\$ 9,784.06</u>

Net Debt: \$9,784.06 divided by Average Equalized Valuations of \$269,099,635.33 of Real Property = .004%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 9,418,487.24
Net Debt	<u>9,784.06</u>
Remaining Borrowing Power	<u>\$ 9,408,703.18</u>

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

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

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Bond Anticipation Notes:				
General Capital	\$ 250,000.00	\$ 200,000.00	\$ 250,000.00	\$ 200,000.00
Loans Payable:				
General Capital Fund				
Green Acres Trust Loan #2	28,777.65		9,402.30	19,375.35
	<u>\$ 278,777.65</u>	<u>\$ 200,000.00</u>	<u>\$ 259,402.30</u>	<u>\$ 219,375.35</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Bond Anticipation Notes:				
General Capital	\$ 200,000.00		\$ 200,000.00	
Loans Payable:				
General Capital Fund				
Green Acres Trust Loan #2	19,375.35		9,591.29	\$ 9,784.06
	<u>\$ 219,375.35</u>	<u>\$ -</u>	<u>\$ 209,591.29</u>	<u>\$ 9,784.06</u>

The Township's debt issued and outstanding on December 31, 2014 is described as follows:

	<u>Green Acres Loans Payable</u>	
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
8/22/2015	2.00%	<u>\$ 9,784.06</u>
Total Debt Issued and Outstanding		<u>\$ 9,784.06</u>

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

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

Schedule of Annual Debt Service for Principal and Interest for the
Loans Issued and Outstanding

Calendar Year	Loans		Total
	Principal	Interest	
2015	\$ 9,784.06	\$ 146.99	\$ 9,931.05

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2014 included in the 2015 Introduced Current Fund budget for the year ending December 31, 2015 is \$589,000.

Note 4: Pension Plans

Township employees are enrolled in a cost sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS). The State of New Jersey sponsors and administers the plan which covers substantially all Township employees.

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

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

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

The Township's contributions to the PERS plan amounted to \$33,559, \$32,342, and \$35,374, for 2014, 2013 and 2012, respectively.

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

(Continued)

Note 5: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$38,185.23 at December 31, 2014. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 6: Selected Tax Information

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	\$ 2.927	\$ 2.885	\$ 2.876
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Open Space)	.335	.335	.336
County	.761	.747	.750
Regional School District	1.831	1.803	1.790
<u>Assessed Valuations</u>			
2014	\$ 269,428,800.00		
2013		\$ 271,081,400.00	
2012			\$ 272,491,974.00

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 7,889,096.44	\$ 7,580,741.55	96.09%
2013	7,827,459.42	7,526,183.72	96.15%
2012	7,860,670.63	7,559,088.84	96.16%

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

Note 6: Selected Tax Information (Cont'd)

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

Note 7: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments

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

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

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

Note 7: Cash and Cash Equivalents and Investments (Cont'd)

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

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

Fund	Cash on Hand	Savings and Checking Accounts	Totals
Current	\$ 250.00	\$ 2,510,862.85	\$ 2,511,112.85
Federal and State Grants		2,991.16	2,991.16
Animal Control Trust		5,822.20	5,822.20
Other Trust		339,748.66	339,748.66
General Capital		171,443.06	171,443.06
	<u>\$ 250.00</u>	<u>\$ 3,030,867.93</u>	<u>\$ 3,031,117.93</u>

During the period ended December 31, 2014, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2014, was \$3,031,117.93 and the bank balance was \$3,101,680.30.

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

Note 8: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Regional School District Taxes have been raised and the liability deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Balance of Tax	\$ 2,527,347.53	\$ 2,503,414.51
Amount Deferred	1,520,074.75	1,520,074.75
School Taxes Payable	<u>\$ 1,007,272.78</u>	<u>\$ 983,339.76</u>

Note 9: Contingent Liabilities

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

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

Note 10: Fixed Assets

The following is a schedule of the Township of Liberty's fixed assets:

	Balance Dec. 31, 2013	Additions	Balance Dec. 31, 2014
Land	\$ 71,400.00		\$ 71,400.00
Buildings	1,485,008.00		1,485,008.00
Equipment and Vehicles	1,213,085.00	\$ 10,319.00	1,223,404.00
	<u>\$ 2,769,493.00</u>	<u>\$ 10,319.00</u>	<u>\$ 2,779,812.00</u>

Note 11: Open Space Trust Fund

On November 3, 1998, the Township of Liberty created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. As of December 31, 2014 the balance in the Open Space Trust Fund was a deficit of \$56,652.71. This deficit is being liquidated through the 2015 Budget.

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

Note 12: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Health benefits are provided through the State of New Jersey health benefits plan.

Property and Liability Insurance – The Township maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township’s claims are paid by the State.

Note 13: Economic Dependency

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

Note 14: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2014	Required 2015 Budget Appropriation
Current Fund:		
Special Emergency Appropriation	\$ 31,025.08	\$ 31,025.08
	\$ 31,025.08	\$ 31,025.08

The amount appropriated in the 2015 budget is not less than the amount required by statute.

Note 15: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 5.40	
Other Trust Funds		\$ 57,000.00
General Capital Fund	57,000.00	
Animal Control Fund		5.40
	\$ 57,005.40	\$ 57,005.40

The interfund receivable in Current Fund is comprised of a portion of the statutory excess from the Animal Control Fund which has not yet been turned over. The interfund receivable in the General Capital Fund is comprised of funds advanced to the Open Space Trust Fund for payment of Bond Anticipation Notes.

TOWNSHIP OF LIBERTY

SUPPLEMENTARY DATA

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
John Inscho	Mayor		
Daniel Grover	Deputy Mayor		
Ronald Petersen	Committeeman		
Peter Karcher	Committeeman		
Carl Cummins	Committeeman		
Diane M. Pflugfelder	Clerk/Administrator	(A)	
Kevin Lifer	Chief Financial Officer	\$ 50,000.00	Selective Insurance Company
Eleanor Clarkson	Deputy Clerk	(A)	
Patricia Noll	Tax Collector	200,000.00	RLI Insurance Company
Penny Holenstein	Tax Assessor	(A)	
Roger J. Skoog	Attorney		
Ferriero Engineering	Engineer		
Eric Snyder	Zoning Official	(A)	

(A) There is a Public Employees Blanket Bond for \$50,000.00 covering all municipal employees; the Chief Financial Officer and the Tax Collector are separately bonded.

All bonds were examined and were properly executed.

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
CURRENT FUND

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 2,433,605.68
Increased by Receipts:		
Tax Collector		\$ 7,929,732.18
Revenue Accounts Receivable		207,995.03
Miscellaneous Revenue Not Anticipated		16,892.92
Due from State of N.J.:		
Marriage License Fees		475.00
Veterans and Senior Citizens' Deductions		20,750.00
Due from Other Trust Fund:		
Tax Sale Premiums		24,000.00
Due from Animal Control Fund:		
Statutory Excess in Reserve for Animal Control Expenditures		2,398.83
2014 Budget Appropriation Refunds		2,532.54
Reserve for Garden State Preservation Fund		34,362.00
Payroll Deductions Payable		30,511.37
		<u>8,269,649.87</u>
		<u>10,703,255.55</u>
Decreased by Disbursements:		
2014 Appropriation Expenditures		1,026,519.89
2013 Appropriation Reserves		51,423.64
Regional School Taxes		4,910,761.98
County Taxes		2,046,627.47
Tax Overpayments		3,218.95
Tax Sale Premiums		53,000.00
Due Other Trust Funds:		
Open Space Tax Levy		53,905.91
Due To State of New Jersey:		
Marriage License Fees		450.00
Payroll Deductions Payable		30,490.30
Redemption of Third Party Liens		15,994.56
		<u>8,192,392.70</u>
Balance December 31, 2014	A	<u><u>\$ 2,510,862.85</u></u>

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

Increased by Receipts:

Taxes Receivable	\$ 7,734,511.87	
Interest and Costs on Taxes	56,848.10	
2015 Prepaid Taxes	51,745.48	
Tax Overpayments	3,232.03	
Tax Title Lien Redemptions	36,444.50	
Third Party Liens	15,994.56	
End of Year Tax Penalty	1,955.64	
Tax Sale Premiums	<u>29,000.00</u>	
		<u>\$ 7,929,732.18</u>

Decreased by:

Disbursed to Municipal Treasurer		<u>\$ 7,929,732.18</u>
----------------------------------	--	------------------------

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUNDS

	<u>Ref.</u>		
Balance December 31, 2013	A		\$ 6,080.28
Increased by Receipts:			
Grant Funds Received		\$ 7,961.16	
Unappropriated Reserves		975.91	
Due to Current Fund:			
Interest Earned		<u>8.28</u>	
			<u>8,945.35</u>
			15,025.63
Decreased by Disbursements:			
Due to Current Fund:			
Interest Earned		8.28	
Appropriated Reserve Expenditures		<u>12,026.19</u>	
			<u>12,034.47</u>
Balance December 31, 2014	A		<u><u>\$ 2,991.16</u></u>

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

Year	Balance	2014 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014				Dec. 31, 2014
2013	\$ 228,528.51			\$ 224,552.45	\$ (1,500.00)	\$ 1,433.85	\$ 3,646.28	\$ 395.93
2014		\$ 7,889,096.44	\$ 48,282.13	7,509,959.42	22,500.00	4,982.20	62,339.33	241,033.36
	<u>\$ 228,528.51</u>	<u>\$ 7,889,096.44</u>	<u>\$ 48,282.13</u>	<u>\$ 7,734,511.87</u>	<u>\$ 21,000.00</u>	<u>\$ 6,416.05</u>	<u>\$ 65,985.61</u>	<u>\$ 241,429.29</u>

Ref. A

A

Analysis of 2014 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$ 7,886,182.10
Added and Omitted Taxes	<u>2,914.34</u>
	<u>\$ 7,889,096.44</u>

Tax Levy:

Regional School District Taxes	\$ 4,934,695.00
County Taxes:	
General Tax	\$ 1,785,615.97
Library Tax	141,626.85
Open Space Tax	119,384.65
Due County for Added and Omitted Taxes	<u>757.70</u>
	2,047,385.17
Local Tax for Open Space - Due Other Trust Funds	<u>53,905.91</u>
	7,035,986.08
Local Tax for Municipal Purposes Levied	849,816.00
Add: Additional Tax Levied	<u>3,294.36</u>
	853,110.36
	<u>\$ 7,889,096.44</u>

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 356,395.30
Increased by:		
Interest and Costs Accrued at Tax Sale		\$ 531.69
Transfer from Taxes Receivable		<u>65,985.61</u>
		<u>66,517.30</u>
		<u>422,912.60</u>
Decreased by:		
Cash Received		<u>36,444.50</u>
Balance December 31, 2014	A	<u><u>\$ 386,468.10</u></u>

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

	Accrued In 2014	Collected by Treasurer
Clerk:		
Alcoholic Beverage Licenses	\$ 5,231.58	\$ 5,231.58
Interest on Investments	14,160.45	14,160.45
Energy Receipts Tax	180,911.00	180,911.00
Consolidated Municipal Property Tax Relief Act	7,692.00	7,692.00
	\$ 207,995.03	\$ 207,995.03

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Administrative and Executive:				
Other Expenses	\$ 4,323.75	\$ 5,223.75	\$ 555.89	\$ 4,667.86
Mayor and Council:				
Salaries & Wages	1,008.83	1,008.83		1,008.83
Other Expenses	357.00	357.00		357.00
Municipal Clerk:				
Salaries & Wages	2,606.79	2,606.79		2,606.79
Other Expenses	4,201.42	4,201.42	584.61	3,616.81
Financial Administration:				
Other Expenses	866.88	866.88	428.50	438.38
Assessment of Taxes:				
Other Expenses	443.57	543.57		543.57
Collection of Taxes:				
Other Expenses	3,034.27	3,034.27	2,120.06	914.21
Legal Services and Costs:				
Other Expenses	19,629.50	19,629.50	4,768.50	14,861.00
Engineering Services and Costs:				
Other Expenses	15,582.91	15,582.91	186.00	15,396.91
Municipal Land Use Law:				
Municipal Land Use Board:				
Other Expenses	3,594.99	3,594.99		3,594.99
Insurance:				
Group Insurance Plan for Employees	3,598.62	3,598.62		3,598.62
Workers' Compensation	1,900.00	1,900.00		1,900.00
Liability Insurance	254.00	254.00	250.00	4.00
Emergency Management:				
Salaries & Wages	1,804.00	1,804.00		1,804.00
Other Expenses	6,146.00	6,146.00	120.10	6,025.90
Fire Prevention Bureau:				
Other Expenses	250.00	250.00		250.00
Fire Department:				
O.S.H.A. Required Equipment	146.54	146.54		146.54
STREETS AND ROADS:				
Road Repair and Maintenance:				
Salaries & Wages	8,850.08	7,850.08		7,850.08
Other Expenses	50,146.11	50,146.11	31,718.94	18,427.17
Sanitation:				
Garbage and Trash Removal:				
Other Expenses	6,449.27	6,449.27	90.34	6,358.93
Public Buildings and Grounds:				
Other Expenses	34,749.13	34,749.13		34,749.13

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

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Environmental Commission :				
Salaries & Wages	\$ 329.00	\$ 329.00		\$ 329.00
Other Expenses	4,425.04	4,425.04		4,425.04
RECREATION AND EDUCATION:				
Recreation:				
Salaries & Wages	2,702.40	2,702.40		2,702.40
Other Expenses	10,870.75	10,870.75	\$ 115.00	10,755.75
Beach and Boardwalk:				
Other Expenses	1,047.23	1,047.23	65.00	982.23
Utility Expenses and Bulk Purchases	10,999.53	10,999.53	8,507.20	2,492.33
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	3,089.26	3,089.26		3,089.26
Unemployment Compensation	278.34	278.34		278.34
Defined Contribution Retirement Program	100.00	100.00		100.00
Municipal Court:				
Other Expenses	696.20	696.20	685.22	10.98
Capital Improvements:				
Road Improvements	8,748.91	8,748.91		8,748.91
Road Equipment	3,550.00	3,550.00	1,228.28	2,321.72
	<u>\$ 216,780.32</u>	<u>\$ 216,780.32</u>	<u>\$ 51,423.64</u>	<u>\$ 165,356.68</u>

Analysis of Balance @ 12/31/13:

	Ref.
Unencumbered	A \$ 191,367.88
Encumbered	A <u>25,412.44</u>
	<u>\$ 216,780.32</u>

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICTS TAXES PAYABLE

Balance December 31, 2013	<u>Ref.</u>		
School Taxes Deferred		\$ 1,520,074.75	\$ 2,503,414.51
School Taxes Payable	A	983,339.76	
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>4,934,695.00</u>
			7,438,109.51
Decreased by:			
Payments to Regional School Districts			<u>4,910,761.98</u>
			2,527,347.53
Balance December 31, 2014			
School Taxes Deferred		1,520,074.75	\$ <u>2,527,347.53</u>
School Taxes Payable	A	<u>1,007,272.78</u>	
Increase in Deferred School Taxes		\$ <u>-0-</u>	

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

	<u>Balance Dec. 31, 2013</u>	<u>Budget Revenue Realized</u>	<u>Cash Receipts</u>	<u>Transferred From Unappropriated Reserves</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2014</u>
Clean Communities Grant		\$ 9,571.61	\$ 7,961.16	\$ 1,084.45	\$ 526.00	
US Conservation Service Grant	\$ 98,993.62					\$ 98,993.62
Highlands Plan Conformance Grant	24,922.50					24,922.50
	<u>\$ 123,916.12</u>	<u>\$ 9,571.61</u>	<u>\$ 7,961.16</u>	<u>\$ 1,084.45</u>	<u>\$ 526.00</u>	<u>\$ 123,916.12</u>
<u>Ref.</u>	A					A

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

	Balance Dec. 31, 2013	Transferred from 2014 Budget Appropriations	Paid or Charged	Cancelled	Balance Dec. 31, 2014
Recycling Tonnage Grant - 2004	\$ 1,196.12		\$ 100.00		\$ 1,096.12
Recycling Tonnage Grant - 2012	2,536.60				2,536.60
Recycling Tonnage Grant - 2013	6,178.42				6,178.42
Beach Donation	100.00				100.00
Clean Communities Grant - 2011	666.49		666.49		
Clean Communities Grant - 2012	8,793.94		8,793.94		
Clean Communities Grant - 2013	7,228.77	\$ 1,084.45	1,699.07		6,614.15
Clean Communities Grant - 2014		8,487.16		\$ 526.00	7,961.16
Highlands Plan Conformance Grant	8,914.75				8,914.75
Municipal Alliance Grant - Local Match	5,135.29		766.69		4,368.60
US Conservation Service Grant	85,971.50				85,971.50
	<u>\$ 126,721.88</u>	<u>\$ 9,571.61</u>	<u>\$ 12,026.19</u>	<u>\$ 526.00</u>	<u>\$ 123,741.30</u>
<u>Ref.</u>	A				A

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

	Balance Dec. 31, 2013	Cash Receipts	Transferred to 2014 Budget Revenue	Balance Dec. 31, 2014
Recycling Tonnage Grant	\$ 1,303.95	\$ 975.91		\$ 2,279.86
Clean Communities	1,084.45		\$ 1,084.45	
Municipal Court Rehabilitation Funds	886.12			886.12
	<u>\$ 3,274.52</u>	<u>\$ 975.91</u>	<u>\$ 1,084.45</u>	<u>\$ 3,165.98</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
TRUST FUNDS

TOWNSHIP OF LIBERTY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2013	B	\$ 5,844.00	\$ 444,181.77
Increased by Receipts:			
Animal Control License Fees		\$ 2,860.80	
Late Registration Fees		1,100.00	
State Dog License Fees		928.20	
Performance Bonds and Escrow Deposits			\$ 4,500.00
Housing Trust			19,617.49
Recreation Programs			23,130.34
Open Space Trust:			
Open Space Levy			53,905.91
Interest Earned			126.60
Due General Capital Fund - Open Space Trust			57,000.00
Due Current Fund:			
Interest Earned		12.82	189.40
		<u>4,901.82</u>	<u>158,469.74</u>
		10,745.82	602,651.51
Decreased by Disbursements:			
Due to State of New Jersey		928.20	
Administrative Expenses		1,115.77	
Reserve for Encumbrances		468.00	
Performance Bonds and Escrow Expenses			5,018.80
Recreation Expenses			24,602.99
Open Space Trust			202,991.66
Due Current Fund:			
Tax Sale Premium Lapsed to Township			30,100.00
Interest Earned		12.82	189.40
Statutory Excess in Reserve for Animal Control Expenditures		2,398.83	
		<u>4,923.62</u>	<u>262,902.85</u>
Balance December 31, 2014	B	<u>\$ 5,822.20</u>	<u>\$ 339,748.66</u>

TOWNSHIP OF LIBERTY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 5,376.00
Increased by:		
Dog License Fees:		
Collected in Current Year		\$ 2,860.80
Miscellaneous Fees		1,100.00
		3,960.80
		9,336.80
Decreased by:		
Expenditures Under RS:4.19-15.1		1,115.77
Reserve for Encumbrance		220.00
Statutory Excess Due to Current Fund		2,404.23
		3,740.00
Balance December 31, 2014	B	\$ 5,596.80

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 2,808.00
2012	2,788.80
	5,596.80
Maximum Allowable Reserve	\$ 5,596.80

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
GENERAL CAPITAL FUND

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 351,904.21
Increased by:		
2014 Budget Appropriation:		
Capital Improvement Fund	\$ 20,000.00	
Due Current Fund:		
Interest Earned	<u>212.68</u>	
		<u>20,212.68</u>
		372,116.89
Decreased by:		
Improvement Authorization Expenditures	143,461.15	
Interfund Advanced Open Space Trust Fund	57,000.00	
Due Current Fund:		
Interest Earned	<u>212.68</u>	
		<u>200,673.83</u>
Balance December 31, 2014	C	<u><u>\$ 171,443.06</u></u>

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	<u>Receipts</u>			<u>Disbursements</u>			<u>Transfers</u>		Balance/ (Deficit)
	Balance	Budget	Miscellaneous	Improvement	Bond	Miscellaneous	From	To	Dec. 31, 2014
	Dec. 31, 2013	Appropriation		Authorizations	Anticipation				
Capital Improvement Fund	\$ 223,555.44	\$ 20,000.00					\$130,000.00		\$ 113,555.44
Due Current Fund			\$ 212.68			\$ 212.68			
Due Open Space Trust Fund					\$ 57,000.00				(57,000.00)
Reserve for Marble Hill	12,255.40								12,255.40
Fund Balance	18,836.69								18,836.69
<u>Ord.</u>									
<u>No.</u>	<u>Improvement Description</u>								
98-07	Various Improvements								20,317.87
01-02	Acquisition of Fire Truck			\$ 6,646.54					
09-02	Road Improvements			6,307.09					
10-03	Road Improvements and Equipment			507.52					13,049.26
10-05	Recreation Facilities Improvement								50,428.40
14-05	Road Improvements			130,000.00				\$130,000.00	
	<u>\$ 351,904.21</u>	<u>\$ 20,000.00</u>	<u>\$ 212.68</u>	<u>\$143,461.15</u>	<u>\$ 57,000.00</u>	<u>\$ 212.68</u>	<u>\$130,000.00</u>	<u>\$130,000.00</u>	<u>\$ 171,443.06</u>

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2014

Ord. No.	Improvement Description	Balance Dec. 31, 2013	Budget Appropriation	Funded by Open Space Trust Fund
05-02	Purchase of Property	\$ 200,000.00	\$ 50,000.00	\$ 150,000.00
		<u>\$ 200,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 150,000.00</u>

Ref. C

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance	2014 Authorizations	Paid or Charged	Balance
		Date	Amount	Dec. 31, 2013 Funded	Capital Improvement Fund		Dec. 31, 2014 Funded
98-07	Various Improvements	03/12/98	\$ 627,100.00	\$ 20,317.87			\$ 20,317.87
01-02	Acquisition of Fire Truck	02/22/01	200,000.00	6,646.54		\$ 6,646.54	
09-02	Road Improvements	05/27/09	72,500.00	6,307.09		6,307.09	
10-03	Road Improvements and Equipment	08/05/10	111,000.00	13,556.78		507.52	13,049.26
10-05	Recreation Facilities Improvement	11/04/10	64,700.00	50,428.40			50,428.40
14-05	Road Improvements	05/08/14	130,000.00		\$ 130,000.00	130,000.00	
				<u>\$ 97,256.68</u>	<u>\$ 130,000.00</u>	<u>\$ 143,461.15</u>	<u>\$ 83,795.53</u>
				<u>Ref.</u>			<u>C</u>

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 223,555.44
Increased by:		
2014 Budget Appropriation		<u>20,000.00</u>
		243,555.44
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>130,000.00</u>
Balance December 31, 2014	C	<u><u>\$ 113,555.44</u></u>

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2014

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Original Date of Issue</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Matured</u>
			<u>Issue</u>	<u>Maturity</u>			
Purchase of Property	05-02	12/21/05	12/12/13	12/11/14	1.50%	\$ 200,000.00	\$ 200,000.00
						<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
					<u>Ref.</u>		
						C	
						Budget Appropriation	\$ 50,000.00
						Additional Amount paid by Open Space Trust	<u>150,000.00</u>
							<u>\$ 200,000.00</u>

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 19,375.35
Decreased by:		
Principal Paid by Operating Budget		9,591.29
Balance December 31, 2014	C	\$ 9,784.06

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
OUTSTANDING DECEMBER 31, 2014

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 9,784.06
35	02/22/15	\$ 97.84	\$ 4,867.70	4,916.36
36	08/22/15	49.15	4,916.36	-0-
		\$ 486.78	\$ 9,784.06	

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
WATER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2014
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF LIBERTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Funding Department	Federal Program	CFDA #	Pass Through Entity ID	Grant Period		Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures
				From	To				

NOT APPLICABLE

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LIBERTY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department	State Program	State Grant Account Number	Grant Period		Grant Award Amount	Grant Receipts	Grant Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Program	765-042-4900	01/01/11	12/31/14	\$ 7,380.88		\$ 666.49	\$ 7,380.88
		-004-V42Y	01/01/12	12/31/14	8,793.94		8,793.94	8,793.94
			01/01/13	12/31/15	8,313.22		1,699.07	1,699.07
			01/01/14	12/31/15	7,961.16	\$ 7,961.16		
	Recycling Grant	452-042-4900	01/01/04	12/31/15	1,209.37		100.00	113.25
		001-V42Y	01/01/14	12/31/15	975.91	975.91		
Total Department of Environmental Protection						8,937.07	11,259.50	17,987.14
Total State Awards						\$ 8,937.07	\$ 11,259.50	\$ 17,987.14

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

Note 1. BASIS OF PRESENTATION

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Township of Liberty has the following loan outstanding as of December 31, 2014:

Green Acres Loan Payable	\$ 9,784.06
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Currently, the Township is in the process of repaying this loan balance. There were no loan receipts or expenditures in the current year. The project which relates to the loan is complete.



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

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
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Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Liberty
 Great Meadows, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Township of Liberty, in the County of Warren (the "Township") as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated March 21, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

The Honorable Mayor and Members
of the Township Committee
Township of Liberty
Great Meadows, New Jersey

been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2014-1, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Township's Response to the Finding

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

Purpose of this Report

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

Mount Arlington, New Jersey
March 21, 2015

NISIVOCCIA, LLP



William F. Schroeder

Certified Public Accountant

Registered Municipal Accountant No. 452

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

Summary of Auditors' Results:

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

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

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

Finding 2014-1

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger, the disbursement of funds, the recording of receipts and disbursements as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The Township is aware of this situation and will attempt to more properly segregate recording and treasury functions as personnel and budgetary constraints allow.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF LIBERTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2014

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2014-1.

TOWNSHIP OF LIBERTY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 5, 2014, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes charges:

BE IT RESOLVED by the Mayor and Committee of the Township of Liberty, Warren County, New Jersey, that the rate of interest charges on delinquent taxes in this Township shall be as follows:

On all delinquents to and including December 31, 2014, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2014 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Township be and hereby directed to collect interest on all taxes accordingly.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 20, 2014, and included all items which were eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2014	66
2013	62
2012	62

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

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

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

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

New Jersey Administrative Code Accounting Requirements

The New Jersey Administrative Code has established three (3) accounting requirements which are as follows:

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

The Township maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger accounting system.

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger, the disbursement of funds, the recording of receipts and disbursements as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The Township is aware of this situation and will attempt to more properly segregate recording and treasury functions as personnel and budgetary constraints allow.

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

Other Trust Funds

Upon review of the State's Budget Rider Report for the Township, it was noted that the Township does not have an approved dedication-by-rider for the Reserve for Housing Trust in the Other Trust Funds. Use of trust funds without a State approved dedication by rider is a violation of State statute and should not be permitted. Although the Township has submitted an application to the State of New Jersey for the approval in the past, the State has not formally approved it yet. It is recommended that the Township continue to follow-up with the State to seek approval for the submitted application for the dedication-by-rider for the Housing Trust Reserve in the Trust Fund reserves from the State of New Jersey according to New Jersey Statute 40A:4-39.

Management's Response

The Township will continue to contact the State and obtain a budget rider for the Reserve for Housing Trust.

During the review of the escrow accounts, it was noted that 15 out of 95 escrow accounts have a negative balance. It is recommended that all escrow accounts be monitored to ensure the accounts maintain a positive balance and that all of the accounts which owe the Township be brought into good standing.

Management's Response

The Township will review these escrow accounts to ensure the balances are brought into good standing.

Management Suggestion

During the course of the audit we reviewed balances in the General Capital Fund's improvement authorization schedule. We noticed that there are various balances that have been carried over for a number of years which need to be reviewed for expenditure or cancellation. Since the Chief Financial Officer is in the process of pursuing the expenditure of these balances, no formal recommendation is being made.

Summary of Prior Year Recommendations

The recommendations from the 2013 audit have not been resolved and are included in the 2014 audit report.

TOWNSHIP OF LIBERTY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The Township continues to follow-up with the State to seek approval for the submitted application for the dedication-by-rider for the Housing Trust Reserve in the Other Trust Funds from the State of New Jersey according to New Jersey Statute 40A:4-39.
3. All escrow accounts be monitored to ensure they maintain a positive balance and that all of the accounts which owe the Township be brought into good standing.

* * * * *