

**TOWNSHIP OF JEFFERSON
COUNTY OF MORRIS, NJ**

CONSENT AGENDA RESOLUTION #17-29

**“RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT
FOR AUDITING SERVICES – FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A. –
FOR PERIOD ENDING DECEMBER 31, 2017”**

WHEREAS, the Township of Jefferson has a need for professional Auditing services; and

WHEREAS, the Township of Jefferson has decided to award the contract for this service as a non-fair and open contract pursuant to the provisions of N.J.S.A. 19:44A-20.5; and

WHEREAS, Ferraioli, Wielkatz, Cerullo & Cuva, P.A. has submitted a proposal indicating that Auditing services will be provided for an annual fee not to exceed \$111,350.00 per year; and

WHEREAS, Ferraioli, Wielkatz, Cerullo & Cuva, P.A. has completed and submitted a Business Entity Disclosure Certification which certifies that they have not made any reportable contributions to a political or candidate, committee or employee for those positions listed on the Business Entity Disclosure Certification Form in the previous one year, and that the contract will prohibit Ferraioli, Wielkatz, Cerullo & Cuva, P.A. from making any reportable contributions through the term of the contract; and

WHEREAS, the Chief Financial Officer (CFO) of the Township has determined and certified in writing that the value of each acquisition will exceed \$17,500; and

WHEREAS, pursuant to N.J.A.C. 5:30-5.5 (b) a certificate showing availability of funds has been provided to the Township by the CFO certifying that the funds for said contract are available; and

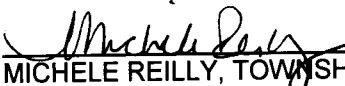
NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Jefferson, in the County of Morris, State of New Jersey that this professional contract is hereby authorized and approved by the Township Council.

BE IT ALSO RESOLVED:

- Section 1.** The Mayor and Township Clerk are hereby authorized and directed to execute an agreement with Ferraioli, Wielkatz, Cerullo & Cuva, P.A. for Auditing services to the Township of Jefferson as set forth in a proposal dated December 21, 2016 for an annual fee not to exceed \$111,350.00 per year.
- Section 2.** This contract is awarded as a “Professional Service” in accordance with N.J.S.A. 40A:11-5(1)(a) of the Local Public Contracts Law because the contract is for a service performed by a person(s) authorized by law to practice a recognized profession that is regulated by law.
- Section 3.** The term of this agreement shall be for one year, from January 1, 2017 through December 31, 2017.
- Section 4.** A notice of this action shall be printed once in the legal newspaper of the Township of Jefferson.
- Section 5.** The resolution authorizing the award of contract for “Professional Services” and the contract itself must be available for public inspection per the requirement of the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.)
- Section 6.** The Business Entity Disclosure Certification and the Determinations of Value be placed on file with this resolution.

**RESOLUTION #17-29
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ATTEST:


MICHELE REILLY, TOWNSHIP CLERK
Dated: January 18, 2017

COUNCIL OF THE TOWNSHIP OF JEFFERSON:


DEBI MERZ, PRESIDENT

CERTIFICATION: I, Michele Reilly, Clerk of the Township of Jefferson, County of Morris, State of New Jersey, do hereby certify the foregoing to be a true and exact copy of a resolution adopted by the Jefferson Township County at a meeting held on January 18, 2017.


Michele Reilly, RMC, Township Clerk

NAME	MOTION	SECOND	AYE	NAY	ABSENT	ABSTAIN
Birmingham	X		X			
Dunham			X			
Finnegan			X			
Sanchelli		X	X			
Merz			X			

CMFO'S Certification of Availability of Funds

I, William J. Eagen, hereby certify that sufficient funds will be available with the adoption of the 2017 budget, Treasury OE, and other funds listed below, for the purpose stated herein, all in accordance with requirements of the Local Budget Law NJSA 40A: 4-1, et.seq.

Purpose: Township Auditor


Vendor: Ferraioli, Wielkotz, Cerullo & Cuva (FERRAI50)

<u>Line Item No.:</u>	<u>Fund</u>	<u>Amount Certified:</u>
7-01-20-130-130-260	Current	30,000
7-05-55-500-000-570	Water Op	10,000
7-07-55-500-000-567	Sewer Op	5,000
T-16-56-860-000-804	Garbage	1,800
T-19-56-860-000-801	Rec Trust	2,500
T-23-56-860-000-801	Open Space	2,500
6-01-25-265-268-260	Current - LOSAP	2,500
Paid Directly By Library	n/a	2,300
Various bond ordinances	Capital	54,750

Amount Certified: \$111,350.00

Total Certified Amount Not to Exceed: \$111,350.00

Certified this 4th day of January, 2017
For 1/04/2017 meeting



William J. Eagen
Chief Financial Officer

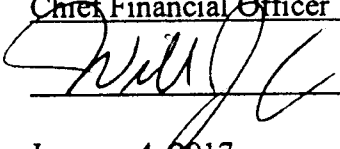
**PAY TO PLAY
DETERMINATION OF VALUE**

Pursuant to the Pay To Play Law, the value of the contract awarded through a non-fair and open process must be determined, by an appropriate township official, prior to the award of contract by the Township Council

VENDOR NAME	DESCRIPTION OF SERVICE	ESTIMATED VALUE
Lavery, Selvaggi, Abromitis & Cohen, PC	Township Attorney	160,000.00
Lavery, Selvaggi, Abromitis & Cohen, PC	Labor Attorney	12,000.00
Hawkins Delafield & Wood	Bond Counsel	36,000.00
Ferraioli Wielkotz, Cerullo & Cuva	Township Auditor	111,350.00
Willis of New Jersey, Inc.*	Risk Management Services	61,000.00
Integra Realty Resources – NNJ	Appraisal Services	27,500.00
Edward L. Haack & Associates	Consulting Engineer	105,000.00
Fox Architectural Services	Architectural Services	17,500.00

I hereby certify that the above referenced contracts will exceed or is expected to exceed \$17,500.

* Vendor receives no direct payments for rendering insurance services from the Township of Jefferson, however it is expected that the vendor may earn in excess of \$17,500 from insurance commissions.

NAME: William J. Eagen
TITLE: Chief Financial Officer
SIGNATURE: 
DATE: January 4, 2017

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

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

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

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

December 21, 2016

Honorable Members of the Township Council
Township of Jefferson
Weldon Road
Lake Hopatcong, NJ 07849

We are pleased to confirm our understanding of the services we are to provide for the Township of Jefferson for the year ending December 31, 2017. We will audit the financial statements of the Township of Jefferson as of and for the year ending December 31, 2017. We understand that the financial statements will be presented in accordance with the accounting principles or practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Also, the document we submit to you will include the additional information as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey that will be subjected to the auditing procedures applied in our audit of the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- If applicable, internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.



The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance, if applicable, and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance, if applicable. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements and accounting practices as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; if applicable, the Single Audit Act, and Uniform Guidance and N.J. OMB Circular 15-08, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or, if applicable, the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedules of expenditures of federal awards and state financial assistance in accordance with the requirements of the Uniform Guidance and New Jersey Circular 15-08. As part of the audit, we will assist with preparation of your financial statements, schedules of expenditures of federal awards and state financial assistance, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and the schedules of expenditures of federal awards and state financial assistance, and that you have reviewed and approved the financial statements, schedules of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the various funds and account groups of the Township of Jefferson, and the respective changes in financial position in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and , if applicable, for federal and state award programs compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for the financial statements and all accompanying information as well as all representations contained therein.

You are responsible for management decisions and functions. As part of the audit, we will prepare a draft of your financial statements, schedule of expenditures of federal awards, state financial assistance, and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. In addition, we will prepare the general ledger trial balance for use during our audit. Our preparation of the trial balance will be limited to formatting information in the Township of Jefferson's general ledger into a working trial balance. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is also responsible for making all financial records and related information available to us, and for ensuring that management and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government

December 21, 2016

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received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. Additionally, if applicable, as required by the Uniform Guidance and New Jersey Circular 15-08, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review when we commence the audit.

You are responsible for preparation of the schedules of expenditures of federal awards and state financial assistance in conformity with the Uniform Guidance and New Jersey Circular 15-08. You agree to include our report on the schedules of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedules of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedules of expenditures of federal awards and state financial assistance that includes our report thereon OR to make the audited financial statements readily available to intended users of the schedules of expenditures of federal awards and state financial assistance no later than the date the schedules of expenditures of federal awards and state financial assistance is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedules of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and New Jersey Circular 15-08; (2) that you believe the schedules of expenditures of federal awards and state financial assistance, including its form and content, is fairly presented in accordance with the Uniform Guidance and New Jersey Circular 15-08; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

With regard to using the auditors' report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.



Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. If applicable, we will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

If applicable, as required by the Uniform Guidance and N.J. OMB Circular 15-08, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and N.J. OMB Circular 15-08.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and, if applicable, the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Township of Jefferson's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

If applicable, the Uniform Guidance and N.J. OMB Circular 15-08 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *Compliance Supplement* and *N.J. OMB Circular 15-08* for the types of compliance requirements that could have a direct and material effect on each of Township of Jefferson's major programs. The purpose of those procedures will be to express an opinion on Township of Jefferson's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the Uniform Guidance and N.J. OMB Circular 15-08.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash reconciliations, accounts receivable, and accounts payable schedules we request and will assist our personnel in locating records selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections and sign the Data Collection Form (if applicable) that summarizes our audit findings. We will provide copies of our reports to the Township of Jefferson. The Data Collection Form (if applicable) and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement are the property of Ferraioli, Wielkocz, Cerullo & Cuva, P.A. and constitute confidential information. However, we may be requested to make certain audit documentation available to the Division of Local Government Services, Department of Community Affairs, State of New Jersey and any other agencies, pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of Ferraioli, Wielkocz, Cerullo & Cuva, P.A. personnel. Furthermore, upon request, we may provide photocopies of selected audit documentation to the Division of Local Government Services, Department of Community Affairs, State of New Jersey and any other agencies. The Division of Local Government Services, Department of Community Affairs, State of New Jersey and any other agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditors' report is issued or for any additional period requested by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and any other agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our fees for this examination including sign off on the official budget document are based upon the level of work hours expected to be used during the completion of these tasks. However, circumstances might be encountered or the scope of work increased, which would cause us to modify the following estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Assuming we do not encounter extraordinary problems, we estimate our time to perform the foregoing services for the fee \$30,000, for the water utility \$10,000, for the sewer utility \$5,000, for the garbage district \$1,800, for the open space district \$2,500, for the recreation trust \$2,500 and for the library \$2,500.

We will review the Township's Federal and State payroll tax returns for the year ended December 31, 2016. These returns, we understand, will be prepared by your staff.

Any additional services, such as attendance at budget meetings would be at our regular government hourly rates as follows:

Partner	\$150.00-\$170.00
Manager	110.00- 120.00
Senior	100.00- 110.00
Staff	80.00- 90.00
Administrative	60.00- 65.00

The Township will be required to have a review of the Length of Service Award Program (LOSAP) conducted. The cost of that review will be \$2,500.



Our fee for completing the secondary market disclosure that is mandated by the sale of bonds would be \$2,000. Our fee would be \$8,000 for any work in connection with a bond anticipation note, if necessary, such as preparation of the preliminary offering statement and final offering statement, mailing out the offering statement, various conferences with banks and underwriters, and attending the sale. Our fee would be \$22,000 for any services rendered in regards to the permanent financing of bonds, if necessary, which would include preparation of the preliminary offering statement and final offering statement, attendance at opening of bids, preparing the closing documentation and conducting the review of the various rating agencies and insurance providers.

Accordingly we will submit requests for partial payments as the work progresses.


Electronic Communications

In the performance of services described in this engagement letter, we may communicate to you and third parties by facsimile or send electronic mail ("e-mail") over the internet. Such communications may include information that is confidential to the Township of Jefferson. Although we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you understand and accept that we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, you are consenting to our use of electronic communications during this engagement as we deem appropriate.

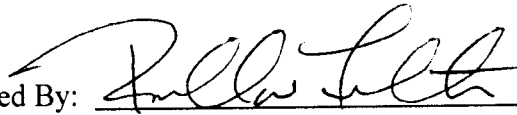
We are pleased to have this opportunity to serve you.

If this letter directly expresses your understanding, please sign the enclosed copy where indicated and return it to us.

Very truly yours,


Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant

CJF:ms

Approved By:  _____

Title: Mayor

Date: 1.18.17

