

**TOWNSHIP OF HOPE
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2013**

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

<u>AUDITORS' REPORTS</u>		<u>PAGE</u>
Independent Auditor's Report		1-3
<u>FINANCIAL STATEMENTS</u>	<u>EXHIBIT</u>	
<u>CURRENT FUND</u>		
Comparative Balance Sheet	A	5-6
Comparative Statement of Operations and Change in Fund Balance	A-1	7
Statement of Revenues	A-2	8-11
Statement of Expenditures	A-3	12-17
<u>TRUST FUND</u>		
Comparative Balance Sheet	B	18
<u>GENERAL CAPITAL FUND</u>		
Comparative Balance Sheet	C	19
<u>PUBLIC ASSISTANCE FUND</u>		
Comparative Balance Sheet	E	20
<u>GENERAL FIXED ASSETS</u>		
Statement of General Fixed Assets	F	21
<u>PAYROLL AGENCY FUND</u>		
Comparative Balance Sheet	G	22
<u>NOTES TO FINANCIAL STATEMENTS</u>		23-35

PART II SUPPLEMENTARY INFORMATION

<u>CURRENT FUND</u>		
Schedule of Cash – Treasurer	A-4	36
Schedule of Cash - Collector	A-5	37
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	38
Schedule of Tax Title Liens	A-7	39
Schedule of Property Acquired for Taxes (At Assessed Valuation)	A-8	40
Schedule of Revenue Accounts Receivable	A-9	41
Schedule of Amount Due Other Governments-Joint Court	A-10	42

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART II SUPPLEMENTARY INFORMATION (Continued)

<u>CURRENT FUND (Continued)</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Deferred Charges-Emergency Authorization	A-11	43
Schedule of Federal/State Grants Receivable	A-12	44
Schedule of Appropriation Reserves - 2012	A-13	45
Schedule of Reserve for Encumbrances	A-14	46
Schedule of Taxes Collected in Advance	A-15	47
Schedule of Tax Overpayments	A-16	48
Schedule of County Taxes Payable	A-17	49
Schedule of Local District School Tax Payable	A-18	50
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-19	51
Schedule of Reserve for Garden State Trust Fund	A-20	52
Schedule of Federal/State Grants Appropriated	A-21	53
Schedule of State Grants-Unappropriated	A-22	54
Schedule of Accounts Payable	A-23	55
Schedule of Municipal Open Space Tax Payable	A-24	56
Schedule of FEMA Expenditures Reserve	A-25	57
 <u>TRUST FUND</u>		
Schedule of Cash - Treasurer	B-2	59
Schedule of Reserve for Dog Fund Expenditures	B-3	60
Schedule of Amount Due to State of New Jersey Department of Health	B-4	61
Schedule of Amount Due Current Fund - Dog License Fund	B-5	62
Schedule of Amount Due Current Fund - Other Trust Funds	B-6	63
Schedule of Reserve for Escrow Trust Fund Deposits	B-7	64
Schedule of Reserve for Public Defenders' Trust Fund Deposits	B-8	65
Schedule of Reserve for Tax Sale Premiums	B-9	66
Schedule of Reserve for Recreation Trust Fund	B-10	67
Schedule of Reserve for Driveway Bonds	B-11	68
Schedule of Reserve for Municipal Open Space	B-12	69
Schedule of Reserve for COAH	B-13	70
Schedule of Reserve for Christmas Fund	B-14	71

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART II _ SUPPLEMENTARY INFORMATION (Continued)

<u>GENERAL CAPITAL FUND</u>		
Schedule of Cash - Treasurer	C-2	72
Schedule of Amount Due Current Fund	C-3	73
Schedule of Deferred Charges to Future Taxation-Unfunded	C-4	75
Schedule of Capital Improvement Fund	C-5	75
Schedule of Reserve for Improvements to Community Center	C-6	76
Schedule of Improvement Authorizations	C-7	77
Schedule of Bond Anticipation Notes	C-8	78
Schedule of Amounts Due Grants Fund	C-9	79
<u>PUBLIC ASSISTANCE FUND</u>		
Schedule of Cash - Treasurer	E-1	80
<u>GENERAL FIXED ASSETS</u>		
Schedule of Additions and Deletions	F-1	81
<u>PART III _SUPPLEMENTARY INFORMATION</u>		
General Comments		82-89
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		90-91
Schedule of Federal/State Awards		92-94
Notes to Federal/State Awards		95
Status of Prior Audit Findings		96-97
Schedule of Findings and Responses		98-99

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2013

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

Report on the Financial Statements

We have audited the accompanying balance sheets-regulatory basis of the various funds of the Township of Hope as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with generally accepted auditing standards in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

-Continued-

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

As described in Note 1, the Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the fifth paragraph, the financial statements referred to above do not present fairly the respective financial position of the Township of Hope at December 31, 2013 and 2012, or the results of its operations, in conformity with generally accepted accounting principles in the United States of America.

However, in our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2013 and 2012, and the results of operations and changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.

-Continued-

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards*** , we have also issued our report dated May 5, 2014, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP

Handwritten signature of Ardito & Co., LLP in black ink.

Frenchtown, New Jersey

May 5, 2014

Handwritten signature of Anthony Ardito in black ink.

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

May 5, 2014

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ <u>769,224</u>	\$ <u>799,207</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	22,729	52,747
Tax Title Liens Receivable	A-7	220,949	190,263
Property Acquired For Taxes-Assessed Valuation	A-8	441,700	441,700
Revenue Accounts Receivable	A-9	6,430	13,648
Due Other Governmental Units - Joint Court	A-10	4,179	-
Amount Due From State and Federal Grants Fund	A	62,835	-
Amount Due From Public Assistance Fund	G	-	11
Amount Due From General Capital Fund	C	-	51
Amount Due From Other Trust Fund	B	12,020	5,110
Amount Due From Dog License Fund	B	<u>2,479</u>	<u>2,035</u>
Subtotal		<u>773,321</u>	<u>705,565</u>
Deferred Charges:			
Special Emergency Appropriation 40A:4-55	A-11	<u>-</u>	<u>21,300</u>
Subtotal		<u>-</u>	<u>21,300</u>
		<u>1,542,545</u>	<u>1,526,072</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-12	157,764	71,339
Amount Due From General Capital Fund	C	28,346	28,346
Amount Due From Current Fund	A	<u>-</u>	<u>48,348</u>
Subtotal		<u>186,110</u>	<u>148,033</u>
TOTAL ASSETS		<u>\$1,728,655</u>	<u>\$1,674,105</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:13	\$ 45,370	\$ 101,363
Due Other Governmental Units - Joint Court	A-10	-	10,209
Reserve For Encumbrances-Budget Appropriations	A-14	14,166	5,949
Accounts Payable	A-23	1,300	1,200
Amount Due To State and Federal Grants Fund	A	-	48,348
Amount Due To Other Trust Fund	B	7,000	1,000
Amount Due To General Capital Fund	C	12,623	-
Taxes Collected In Advance	A-15	60,521	42,432
Tax Overpayments	A-16	10,933	17,639
Amount Due County For Added Taxes	A-17	5,708	3,862
Amount Due For Local School Taxes	A-18	57,500	53,691
Amount Due To State Of New Jersey For Senior Citizens and Veterans Deductions	A-19	8,458	8,458
Reserve for Garden State Trust Funds	A-20	-	7,426
Amount Due To Other Trust Fund - Municipal Open Space	A-24	259,941	218,735
Fema Reserve	A-25	<u>82,202</u>	<u>56,097</u>
Subtotal		565,722	576,409
Reserve For Receivables And Other Assets	A	773,321	705,565
Fund Balance	A-1	<u>203,502</u>	<u>244,098</u>
Subtotal		<u>1,542,545</u>	<u>1,526,072</u>
Federal And State Grant Fund:			
Amount Due To Current Fund	A	62,835	-
Reserve For Federal/State Grants - Appropriated	A-21	120,951	146,910
Reserve For Federal/State Grants - Unappropriated	A-22	<u>2,324</u>	<u>1,123</u>
Subtotal		<u>186,110</u>	<u>148,033</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,728,655</u>	<u>\$1,674,105</u>

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
Fund Balance Utilized	A-2	\$ 193,430	\$ 181,530
Miscellaneous Revenue Anticipated	A-2	626,608	484,715
Receipts From Delinquent Taxes	A-2	53,377	43,465
Receipts From Current Taxes	A-2	5,948,593	5,706,611
Non-Budget Revenues	A-2	45,947	30,239
Other Credits To Income:			
Interfund Returns	A-4	361	6,883
Canceled Reserves	A-25	-	11,026
Refund of Prior Year Expenditures	A-26	-	28,577
Unexpended Balance of Appropriation Reserves	A-13	84,273	60,406
Canceled Encumbrances	A-14	<u>1,740</u>	<u>851</u>
TOTAL INCOME		<u>6,954,329</u>	<u>6,554,303</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	329,570	334,338
Other Expenses	A-3	631,039	596,120
Capital Improvements	A-3	199,000	-
Municipal Debt Service	A-3	82,379	87,683
Deferred Charges and Statutory Expenditures	A-3	109,853	98,114
County Taxes	A-17	1,702,437	1,624,356
Amount Due County For Added and Omitted Taxes	A-17	5,708	3,862
Local District School Taxes	A-18	3,619,850	3,534,831
Municipal Open Space Taxes	A-25	51,730	52,129
Refund of Prior Year Revenue	A-4	179	205
Interfund Advances>Returns	A-4	<u>69,750</u>	<u>5,168</u>
TOTAL EXPENDITURES		<u>6,801,495</u>	<u>6,336,806</u>
Excess in Revenue		152,834	217,497
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A:A-3	<u>-</u>	<u>16,000</u>
Statutory Excess To Fund Balance		152,834	233,497
Fund Balance January 1	A	<u>244,098</u>	<u>192,131</u>
		396,932	425,628
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>193,430</u>	<u>181,530</u>
Fund Balance December 31	A	<u>\$ 203,502</u>	<u>\$ 244,098</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

		<u>ANTICIPATED</u>		
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>
				<u>EXCESS OR</u> <u>DEFICIT</u>
Anticipated Surplus-Cash Surplus	A-1	\$ 193,430		\$ 193,430
Miscellaneous Revenues				
LOCAL REVENUES:				
Liquor Licenses-Clerk	A-9	4,100		4,300 \$ 200
Municipal Court Fines and Costs	A-9	197,003		187,175 (9,828)
Interest and Costs On Taxes	A-6	13,000		14,297 1,297
Interest on Investments and Deposits	A-9	1,500		1,773 273
TOTAL LOCAL REVENUES		215,603		207,545 (8,058)
STATE AID REVENUES:				
Energy Receipts Tax	A-9	184,384		182,540 (1,844)
Garden State Trust Fund	A-9	7,426		7,426
TOTAL STATE AID REVENUES		191,810		189,966 (1,844)
 UNIFORM CONSTRUCTION CODE FEES	 A-9	 22,000		 23,911 1,911

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
FEDERAL AND STATE GRANT REVENUES:					
Donation-Celebration of Public Events	A-21		\$ 2,200	2,200	
Clean Communities Program	A-21	5,438		5,438	
Municipal Drug Alliance	A-21	3,425		3,425	
Recycling Tonnage Grant	A-21	1,123		1,123	
NJDOT - Shiloh Road	A-21	193,000		193,000	
TOTAL FEDERAL AND STATE GRANT REVENUES		202,986	2,200	205,186	
TOTAL MISCELLANEOUS REVENUES	A-2	632,399	2,200	626,608	(7,991)
RECEIPTS FROM DELINQUENT TAXES	A-2	52,417		53,377	960
Amount To be Raised by Taxes For Support Of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	603,233		662,410	59,177
Total General Revenues		1,481,479	2,200	1,535,825	52,146
Non-Budget Revenues:					
Other Non-Budget Revenues	A-2			45,947	45,947
		\$1,481,479	\$ 2,200	\$ 1,581,772	\$ 98,093

A-3

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections		\$ 5,929,593
State of New Jersey, Senior Citizens and Veterans Deductions		<u>19,000</u>
	A-1	5,948,593

Allocated To:

School, County Taxes and Municipal Open Space Taxes		<u>5,416,088</u>
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Excess Supported by Municipal Revenues		532,505
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Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"		<u>129,905</u>
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Amount For Support Of Municipal Budget Appropriations		<u><u>\$ 662,410</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

REF.

Miscellaneous Revenue Not Anticipated:

Treasurer:

Zoning Permits	\$ 690	
Sale of Ordinances	55	
Planning Board Fees	75	
Property Lists	10	
Vital Statistics	42	
Garage Sale Permit	12	
Cable TV Franchise	1,894	
Hotel Tax	5,577	
Board of Adjustment	250	
Licenses	950	
Copies Sales	1,686	
FEMA Reimbursement	31,420	
Miscellaneous	3,286	
	A-4	<u>\$ 45,947</u>

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELLED</u>
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 88,864	\$ 85,864	\$ 83,069	\$ 2,795	
Other Expenses	28,000	24,000	23,280	720	
Mayor and Council:					
Salaries and Wages	7,762	7,762	7,761	1	
Other Expenses	300	1,094	1,094		
Municipal Clerk (Elections):					
Salaries and Wages:					
Search Official	2,921	2,921	2,921		
Salaries and Wages - All Other	160	160	160		
Other Expenses	590	722	722		
Financial Administration (Treasury):					
Salaries and Wages	16,509	16,509	16,508	1	
Other Expenses	246	375	375		
Audit Services:					
Other Expenses	18,850	16,350	16,260	90	
Computerized Data Processing:					
Other Expenses	6,588	7,860	7,860		
Revenue Administration (Tax Collection):					
Salaries and Wages:					
Search Official	2,921	2,921	2,921		
Salaries and Wages - All Other	24,352	24,352	24,320	32	
Other Expenses	1,000	1,000	850	150	
Tax Assessment Administration:					
Salaries and Wages	16,609	16,609	16,608	1	
Other Expenses	2,413	2,560	2,560		
Legal Services (Legal Dept.):					
Other Expenses	23,000	16,000	14,655	1,345	
Engineering Services:					
Other Expenses	20,800	20,800	20,800		
Historical Sites Office:					
Salaries and Wages	1,300	1,300	1,300		
Other Expenses	532	532	200	332	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	12,950	11,950	11,450	500	
Other Expenses	3,539	1,039	304	735	
Zoning Board of Adjustment (Zoning Officer):					
Salaries and Wages	12,351	11,351	11,001	350	
Other Expenses	422	422	211	211	
CODE ENFORCEMENT AND ADMINISTRATION:					
Construction Official:					
Salaries and Wages	7,598	7,598	7,597		1
Other Expenses	85	85	85		
Building Sub-Code Official:					
Salaries and Wages	4,736	4,736	4,736		
Plumbing Sub-Code Official:					
Salaries and Wages	4,229	4,229	4,229		
Electrical Sub-Code Official:					
Salaries and Wages	4,615	4,615	4,614		1
Fire Protection Sub-Code Official:					
Salaries and Wages	2,463	2,463	2,462		1
INSURANCE:					
Liability Insurance	53,157	45,257	45,256		1
Employee Group Health Insurance	42,746	42,746	36,056	6,690	
Unemployment Insurance	2,800	2,870	2,870		
PUBLIC SAFETY FUNCTIONS:					
Office of Emergency Management:					
Salaries and Wages	568	568	568		
Aid to Volunteer Fire Companies	22,950	22,950	22,950		
Contribution to First Aid Organizations	13,950	13,950	13,950		
Office of Municipal Prosecutor:					
Salaries and Wages	15,768	15,768	15,330	438	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	110,000	97,659	86,916		10,743
Other Expenses	53,100	58,317	58,317		
Buildings and Grounds:					
Other Expenses	24,212	50,324	44,281		6,043
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services (Board of Health):					
Other Expenses	1,800	1,800	1,800		
Environmental Health Services:					
Salaries and Wages	1,320	1,320	1,320		
Other Expenses	405	405	290	115	
Animal Control Services:					
Salaries and Wages	7,415	7,415	7,415		
Contributions to Social Services Agencies:					
Senior Citizens Centers	2,200	2,200	2,200		
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	1,500	1,500	1,500		
Other Expenses	12,761	13,090	13,090		
Maintenance of Parks:					
Other Expenses	27,720	27,720	24,614	3,106	
OTHER COMMON OPERATING FUNCTIONS (Unclassified):					
Celebration of Public Events:					
Other Expenses	5,680	9,808	9,808		

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

OPERATIONS within "CAPS"	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
UTILITY EXPENSES AND BULK PURCHASES:	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCE</u> <u>CANCELLED</u>
Electricity	13,000	10,500	9,125	1,375	
Street Lighting	5,500	5,500	4,696	804	
Telephone (excluding equipment acquisition)	9,600	9,600	7,810	1,790	
Gas (natural or Propane)	5,000	7,046	7,046		
Fuel Oil	10,000	17,395	17,395		
Gasoline	10,000	10,272	10,272		
Total Operations within "CAPS"	769,857	774,159	735,788	38,371	
Detail:					
Salaries and Wages	346,911	329,570	314,706	14,864	
Other Expenses	422,946	444,589	421,082	23,507	
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"					
Statutory Expenditures:					
Social Security	40,000	35,698	34,773	925	
Contribution to:					
PERS	52,855	52,855	52,855		
Total Deferred Charges and Statutory Expenditures	92,855	88,553	87,628	925	
Total General Appropriations within "CAPS"	862,712	862,712	823,416	39,296	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

<u>OPERATIONS Excluded from "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Municipal Court:					
Other Expenses	173,237	173,237	167,163	6,074	
Total Interlocal Municipal Service Agreements Excluded from "CAPS":	173,237	173,237	167,163	6,074	
 PUBLIC AND PRIVATE REVENUES OFFSET BY APPROPRIATIONS-EXCLUDED FROM "CAPS":					
Federal and State Grants:					
Clean Communities Program:					
Other Expenses	5,438	5,438	5,438		
Recycling Tonnage Grant Program:					
Other Expenses	1,123	1,123	1,123		
Municipal Alliance on Alcoholism and Drug Abuse:					
Other Expenses-State Share	3,425	3,425	3,425		
Other Expenses-Local Share	1,027	1,027	1,027		
Celebration of Public Events-Donations(Picnic Donations):					
Other Expenses		2,200	2,200		
Total Public and Private Programs Offset by Revenues	11,013	13,213	13,213		
Total Operations-Excluded from "CAPS"	184,250	186,450	180,376	6,074	
 Detail:					
Other Expenses	184,250	186,450	180,376	6,074	
 CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":					
Capital Improvement	6,000	6,000	6,000		
NJ Transportation Trust Fund Authority Act					
Shiloh Road	193,000	193,000	193,000		
Total Capital Improvements-Excluded from "CAPS"	199,000	199,000	199,000		

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>BALANCE</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CANCELLED</u>
			<u>RESERVED</u>
			<u>PAID OR</u>
			<u>CHARGED</u>
MUNICIPAL DEBT SERVICE-Excluded from "CAPS"			
Payment of Notes	70,200	70,200	70,200
Note Interest	14,112	14,112	12,179
Total Municipal Debt Service-Excluded from "CAPS"	84,312	84,312	82,379
			\$ 1,933
			1,933
DEFERRED CHARGES EXCLUDED FROM "CAPS":			
Emergency Appropriations	16,000	16,000	16,000
Special Emergency Appropriations-5 Years	5,300	5,300	5,300
Total Deferred Charges and Statutory Expenditures	21,300	21,300	21,300
			-
			-
Total General Appropriations Excluded from "CAPS"	488,862	491,062	483,055
			6,074
			1,933
Subtotal General Appropriations	1,351,574	1,353,774	1,306,471
Reserve For Uncollected Taxes	129,905	129,905	129,905
			45,370
			1,933
TOTALS	\$ 1,481,479	\$ 1,483,679	\$ 1,436,376
			\$ 45,370
			\$ 1,933
REF.	A-2		A
			A-1
	<u>REF.</u>		
Appropriation 40A:4-87	A-2	\$ 2,200	
Budget	A-2	1,481,479	
		\$ 1,483,679	
State and Federal Grant Funds	A-21	\$ 210,013	
Deferred Charges to Future Taxation	A-11	21,300	
Reserve for Encumbrances	A-14	1,075,158	
Reserve for Uncollected Taxes	A-2	129,905	
		\$ 1,436,376	

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 9,537	\$ 7,479
Total Dog License Fund		<u>9,537</u>	<u>7,479</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	86,444	78,359
Amount Due From Current Fund	B-6	<u>254,921</u>	<u>214,625</u>
Total Other Trust Funds		<u>341,365</u>	<u>292,984</u>
TOTAL ASSETS		<u>\$ 350,902</u>	<u>\$ 300,463</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 7,053	\$ 5,439
Amount Due State of New Jersey	B-4	5	5
Amount Due Current Fund	B-5	<u>2,479</u>	<u>2,035</u>
Total Dog License Fund		<u>9,537</u>	<u>7,479</u>
Other Trust Fund:			
Reserve for Escrow Trust Deposits	B-7	24,741	26,837
Reserve for Public Defender Trust Deposits	B-8	(1,921)	(870)
Reserve for Tax Sale Premiums	B-9	6,000	-
Reserve for Recreation Trust	B-10	21,473	13,467
Reserve for Driveway Bonds	B-11	(500)	1,000
Reserve for Municipal Open Space	B-12	259,942	218,736
Reserve for COAH Trust	B-13	10	10
Reserve for Christmas Trust Deposits	B-14	<u>31,620</u>	<u>33,804</u>
Total Other Trust Fund		<u>341,365</u>	<u>292,984</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 350,902</u>	<u>\$ 300,463</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash - Treasurer	C-2	\$ 276,618	\$ 257,640
Amount Due Current Fund	C-3	12,623	
Deferred Charges To Future Taxation:			
Unfunded	C-4	<u>736,200</u>	<u>806,400</u>
TOTAL ASSETS		<u>\$1,025,441</u>	<u>\$1,064,040</u>

LIABILITIES, RESERVES AND FUND BALANCE

Amount Due Current Fund	C-3	-	\$ 51
Capital Improvement Fund	C-5	\$ 1,186	1
Reserve for Moravian Distillery	C-6	258,633	9,500
Bond Anticipation Notes Payable	C-8	736,200	806,400
Due Grants Fund	C-9	28,346	28,346
Fund Balance	C-1	1,076	226
Improvement Authorizations:			
Funded	C-7	-	-
Unfunded	C-7	<u>-</u>	<u>219,516</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,025,441</u>	<u>\$1,064,040</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 226
Increased by:		
Premium on Bond Anticipation Note Sale Received in Current Fund	C-3	_____ 850 1,076
Balance December 31, 2013	C	\$ <u>1,076</u>

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

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash and Cash Equivalents	E-1	_____ -	\$ <u>5,333</u>
TOTAL ASSETS		_____ -	\$ <u>5,333</u>
 LIABILITIES AND RESERVES			
Due to Current Fund			
Reserve for Public Assistance		_____ -	\$ <u>5,333</u>
TOTAL LIABILITIES AND RESERVES		_____ -	\$ <u>5,333</u>

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

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2013

F

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
General Fixed Assets:		
Land	\$ 724,202	\$ 724,202
Buildings	1,014,533	1,014,533
Improvements Other Than Buildings	27,414	27,414
Machinery and Equipment	<u>1,228,019</u>	<u>1,223,204</u>
Total General Fixed Assets	<u>\$ 2,994,168</u>	<u>\$ 2,989,353</u>
Investment In General Fixed Assets	<u>\$ 2,994,168</u>	<u>\$ 2,989,353</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 703	\$ 572
TOTAL ASSETS	<u>\$ 703</u>	<u>\$ 572</u>

LIABILITIES AND RESERVES

Due Current Fund	-	-
Payroll Tax Liabilities	\$ 703	572
TOTAL LIABILITIES AND RESERVES	<u>\$ 703</u>	<u>\$ 572</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Hope include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

The accounting policies of the Township of Hope conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and 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 Hardwick accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Property Tax Revenue

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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

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

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

General Fixed Assets--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

General Fixed Assets

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund
Public Assistance Fund
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the

governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles

- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

Statutory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Note 2: CASH AND CASH EQUIVALENTS

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, the Federal Savings and Loan 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 depository insurance limits as follows:

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

In addition to the above collateral requirement, if the 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2013, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2013, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 1,142,526	\$ 1,142,526
	\$ 1,142,526	\$ 1,142,526

The carrying amount of the municipality's cash and cash equivalents at December 31, 2013, was \$1,142,526 and the bank balance was \$1,121,454. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$871,454 was covered by collateral pool.

Note 3: LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Long Term Debt:				
Bond Anticipation Notes	\$ 806,400		\$ 70,200	\$ 736,200
Compensated absences payable	None			None
Total Long-Term Debt	\$ 806,400	-	\$ 70,200	\$ 736,200

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

<u>Summary of Municipal Debt</u>	YEAR <u>2013</u>	YEAR <u>2012</u>	YEAR <u>2011</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$736,200	\$806,400	\$876,600
Total Deductions	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Debt Issued	\$736,200	\$806,400	\$876,600
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$736,200</u>	<u>\$806,400</u>	<u>\$876,600</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: LONG-TERM DEBT (Continued)

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 .308%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,080,000	\$ 1,080,000	-
General Debt	<u>736,200</u>	<u>-</u>	<u>\$ 736,200</u>
	<u>\$ 1,816,200</u>	<u>\$ 1,080,000</u>	<u>\$ 736,200</u>

Net Debt \$ 736,200 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 239,127,956 equals 0.308%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,369,478
Net Debt	<u>736,200</u>
Remaining Borrowing Power	<u>\$ 7,633,278</u>

Bond Anticipation Notes

The Township has outstanding at December 31, 2013, bond anticipation notes in the amount of \$736,200 payable to Oppenheimer & Co. These notes mature on February 18, 2014. The interest rate on the notes are 1.625% Principal and interest on this note is paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total General Capital Loans Above	<u>\$ 736,200</u>

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 12/31/13</u>
Land	\$ 724,202	-	-	\$ 724,202
Buildings	1,014,533	-	-	1,014,533
Improvements Other Than Buildings	27,414	-	-	27,414
Machinery and Equipment	1,223,204	\$ 4,815	-	1,228,019
	<u>\$ 2,989,353</u>	<u>\$ 4,815</u>	<u>-</u>	<u>\$ 2,994,168</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014, were as follows:

Current Fund - \$170,000 *

* - Introduced

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, all special emergency appropriations under New Jersey Statute 40A:4-55, and emergency appropriations under New Jersey Statute 40A:4-46 were raised in the 2013 budget. The amount appropriated in the 2014 budget is not less than that required by statute.

Note 7: SCHOOL TAXES

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX 12/31/13	LOCAL DISTRICT SCHOOL TAX BALANCE 12/31/13	BALANCE 12/31/12	TOTAL DEFERRED TAX 12/31/12
Balance of Tax		\$ 1,885,607	\$ 1,845,435	
Deferred		<u>1,828,107</u>	<u>1,791,744</u>	
Tax Payable		<u>57,500</u>	<u>53,691</u>	
Tax Deferred	<u>\$1,828,107</u>			<u>\$1,791,744</u>

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 8: PENSIONS (Continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$52,855	100%	-0-
2012	\$52,814	100%	-0-
2011	\$56,742	100%	-0-

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

Note 10: LEASES

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

Note 11: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township permits full-time employees five full sick days for first year of employment and hence-forth ten days per year, and this benefit ceases upon termination of employment. Personal days are provided and not accumulated beyond current year and vacation days are provided dependent upon years of service.

In accordance with New Jersey principles, the amount is reported as a liability of general long-term account group in the financial statements. No trust funds are accumulated for this liability that will be funded in succeeding general fund budgets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

There are no pending lawsuits in which the Township is involved.

Note 13: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.
- F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2013:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 13: OTHER REQUIRED DISCLOSURES (Continued)

INTERFUND BALANCES

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 77,334	\$ 279,564
Federal/State Grants Fund	28,346	62,835
Other Trust Funds	254,921	2,479
General Capital Fund	12,623	28,346
	<u>\$ 373,224</u>	<u>\$ 373,224</u>

Note 14: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

PART I I
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2012	A	\$ 799,207
Increased by Receipts:		
Collector	A-5	\$ 6,016,560
Miscellaneous Revenue Not Anticipated	A-2	45,947
Interfund Returns	A-1	82
Revenue Accounts Receivable	A-9	399,699
Federal/State Grant Funds	A-12	115,438
Veterans/Senior Citizens Deductions	A-19	19,000
Due State of New Jersey	A-23	425
Federal/State Grant Funds	A-22	2,324
Reserve for FEMA	A-25	<u>26,105</u>
		<u>6,625,580</u>
		7,424,787
Decreased by Disbursements:		
Reserve for Encumbrances	A-14	1,060,992
2012 Appropriation Reserves	A-13	21,299
Taxes Overpaid Refunded	A-16	7,911
County Taxes	A-17	1,706,299
Local District School Tax	A-18	3,616,041
Due State of New Jersey	A-23	325
Amount Due Municipal Open Space	A-24	10,524
Federal/State Grant Funds	A-21	<u>232,172</u>
		<u>6,655,563</u>
Balance December 31, 2013	A	<u>\$ 769,224</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$ 14,297	
Taxes Receivable	A-6	5,938,349	
2014 Prepaid Taxes	A-15	60,521	
Tax Overpayments	A-16	<u>3,393</u>	<u>\$ 6,016,560</u>

Decreased by Disbursements:

Payments to Treasurer	A-4		<u>\$ 6,016,560</u>
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CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 190,263
Increased by:		
Transfers from Taxes Receivable	A-6	<u>30,686</u>
		220,949
Balance December 31, 2013	A	<u>\$ 220,949</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-8

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 441,700</u>
Balance December 31, 2013	A	<u>\$ 441,700</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>ACCRUED</u> <u>IN 2013</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>		<u>BALANCE</u> <u>12/31/13</u>
Clerk:						
Licenses:						
Alcoholic Beverages	A-2		\$ 4,300	\$ 4,300		
Construction Code Official:						
Fees and Permits	A-2		23,911	23,911		
Municipal Court:						
Fines and Costs	A-2	\$ 13,648	179,957	187,175	\$	6,430
Energy Receipts Tax	A-2		182,540	182,540		
Garden State Trust Fund	A-2		7,426	7,426		
Interest on Investments and Deposits	A-2		1,773	1,773		
Totals		<u>\$ 13,648</u>	<u>\$ 399,907</u>	<u>\$ 407,125</u>	<u>\$</u>	<u>6,430</u>

REF.

A

A

A-4	\$ 399,699
A-20	<u>7,426</u>
	<u>\$ 407,125</u>

CURRENT FUND
SCHEDULE OF AMOUNT FROM OTHER GOVERNMENTAL UNITS -
JOINT COURT

A-10

	<u>REF.</u>		
Balance December 31, 2012	A		\$ (10,209)
Increased by:			
Blairstown Township Court Room Rental Charge	A-9	\$ 14,950	
Liberty Township Court Room Rental Charge	A-9	1,150	
Final Audit Allocation - Court Operations CY 2013	A-9	<u>45,941</u>	<u>62,041</u>
			51,832
Decreased by:			
Blairstown Township Credit for 2012 Operations	A-9	(729)	
Liberty Township Credit for 2012 Operations	A-9	(9,480)	
Blairstown Township Court Room Rental Paid	A-9	14,950	
Liberty Township Court Room Rental Paid	A-9	1,150	
Liberty Court Operations Prepayments	A-9	2,983	
Blairstown Court Operations Prepayments	A-9	<u>38,779</u>	<u>47,653</u>
Balance December 31, 2013	A		<u><u>\$ 4,179</u></u>

FINAL ALLOCATION OF COSTS - CY 2013:

Liberty Township (5.3%)		\$ 4,442	
Blairstown (59.2%)		49,343	
Blairstown Township Overcharge Credit for 2010/11 Operations		(8,887)	
LibertyTownship Undercharge Billing for 2010/11 Operations		<u>1,043</u>	<u>\$ 45,941</u>

ANALYSIS OF RECEIVABLE/(PAYABLE) BALANCE

CY 2013 (FINAL AUDIT):

Liberty Township - 2013		\$ 1,459	
Liberty Township - 2010/11		1,043	
Blairstown-2013		10,564	
Blairstown-2010/11		<u>(8,887)</u>	<u>\$ 4,179</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS

A-11

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/12</u>	<u>APPROPRIATED 2013 BUDGET</u>
Special Emergency (40A:4-53)	Affordable Housing	9/24/08	26,500	\$ 5,300	\$ 5,300
Emergency Authorization (40A:4-46)	Buildings and Grounds OE	11/14/12	16,000	16,000	16,000
Totals				\$ 21,300	\$ 21,300
REF.				A	A-3

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-12

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/13</u>
Clean Communities		\$ 5,438	\$ 5,438	
Municipal Alliance	\$ 1,864	3,425	3,425	\$ 1,864
USDA - Swayze Mill Park Improvement Grant	3,816			3,816
N.J. Transportation Trust Authority: Lake Just-It Road - Phase II	45,895			45,895
N.J. Transportation Trust Authority: Lake Just-It Road	961			961
N.J. Transportation Trust Authority: Locust Lake Road	18,803			18,803
N.J. Transportation Trust Authority: Shiloh Road		193,000	106,575	86,425
Totals	<u>\$ 71,339</u>	<u>\$ 201,863</u>	<u>\$ 115,438</u>	<u>\$ 157,764</u>
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

A-13
Sheet 1

	<u>BALANCE</u>	<u>BALANCE</u>	<u>PAID</u>	<u>BALANCE</u>
	<u>12/31/12</u>	<u>AFTER</u>	<u>OR</u>	<u>LAPSED</u>
		<u>TRANSFERS</u>	<u>CHARGED</u>	
General Administration:				
Salary and Wages	\$ 4,394	\$ 4,394	\$ 1,288	\$ 3,106
Other Expenses		57	57	-
Legal Services:				
Other Expenses	4,423	4,423	1,000	3,423
Zoning Board:				
Other Expenses	118	118	62	56
Road Repairs and Maintenance:				
Salary and Wages	19,126	17,991	4,207	13,784
Other Expenses	29,117	30,074	9,247	20,827
Building and Grounds:				
Other Expenses	-	1,264	1,176	88
Recreation:				
Other Expenses	8,674	8,979	496	8,483
Maintenance of Parks:				
Other Expenses	-	107	107	-
Celebration of Public Events:				
Other Expenses	-	450	450	-
Electricity	3,786	3,786	863	2,923
Telephone	2,292	2,292	142	2,150
Gas (natural or propane)	1,893	2,955	1,062	1,893
Municipal Court - OE	-	1,142	1,142	-
All Others - No Change	27,540	27,540		27,540
TOTALS	<u>\$ 101,363</u>	<u>\$ 105,572</u>	<u>\$ 21,299</u>	<u>\$ 84,273</u>

REF.

A

A

A-4

A-1

Appropriation Reserve
Encumbrances

A
A-14

\$ 101,363
4,209
\$ 105,572

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-14

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 5,949
Increased by:		
Transfer from Current Year Appropriations	A-3	<u>1,075,158</u>
		1,081,107
Decreased by:		
Prior Year Encumbrances/Canceled	A-1	\$ 1,740
Transfer to Appropriation Reserves	A-13	4,209
Cash Disbursements	A-4	<u>1,060,992</u>
		<u>1,066,941</u>
Balance December 31, 2013	A	<u>\$ 14,166</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-15

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 42,432
Increased by:		
2014 Taxes Collected in Advance	A-5	<u>60,521</u> 102,953
Decreased by:		
Applied to 2013 Taxes Receivable	A-6	<u>42,432</u>
Balance December 31, 2013	A	<u>\$ 60,521</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-16

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 17,639
Increased by:		
2013 Tax Overpayments	A-5	<u>3,393</u>
		21,032
Decreased by:		
Applied	A-6	\$ 2,188
Refunded	A-4	<u>7,911</u> <u>10,099</u>
Balance December 31, 2013	A	<u>\$ 10,933</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-17

	<u>REF.</u>	
Balance December 31, 2012:		
Due County for Added Taxes	A	\$ 3,862
Increased by:		
2013 Levy:		
County Taxes	A-1:6	\$1,473,540
County Library Taxes	A-1:6	121,095
County Open Space Tax	A-1:6	107,802
Added and Omitted Taxes	A-1:6	<u>5,708</u>
		<u>1,708,145</u>
		1,712,007
Decreased by:		
Payments	A-4	<u>1,706,299</u>
Balance December 31, 2013:		
Due County for Added Taxes	A	<u>\$ 5,708</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-18

	<u>REF.</u>	
Balance December 31, 2012:		
School Tax Payable	A	\$ 53,691
School Tax Deferred		<u>1,791,744</u>
		\$ 1,845,435
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014	A-6	<u>3,656,213</u>
		5,501,648
Decreased by:		
Payments	A-4	<u>3,616,041</u>
Balance December 31, 2013:		
School Tax Payable	A	57,500
School Tax Deferred		<u>1,828,107</u>
		<u>\$ 1,885,607</u>
2013 Liability for Local District School Tax:		
Tax Paid		\$ 3,616,041
Tax Payable 12/31/13		<u>1,885,607</u>
		5,501,648
Less -- Tax Deferred 12/31/13		36,363
Less -- Tax Payable 12/31/12		<u>1,845,435</u>
Amount Charged to 2013 Operations	A-1	<u>\$ 3,619,850</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-19

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 8,458
Increased by:		
Received in Cash From State	A-4	<u>19,000</u>
		27,458
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 500
Veterans Deductions per Tax Billings		18,500
Senior Citizens Deductions Allowed/(Disallowed) by Collector		<u> -</u> 19,000
Balance December 31, 2013	A	<u>\$ 8,458</u>

ANALYSIS OF BALANCE

Amount Due to State of New Jersey -- Pre 1/1/78	\$ 1,912	
Amount Due to State of New Jersey -- Post 1/1/78	<u>6,546</u>	<u>\$ 8,458</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR GARDEN STATE TRUST FUND

A-20

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 7,426
Decreased by:		
Garden State Trust Funds - Realized as Revenue	A-2	<u>\$ 7,426</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS-APPROPRIATED

A-21

		TRANSFER			
	BALANCE	FROM	2013 BUDGET	2013 BUDGET	BALANCE
	<u>12/31/12</u>	2013 BUDGET	<u>APPROPRIATIONS</u>	<u>APPROPRIATIONS</u>	<u>12/31/13</u>
		<u>APPROPRIATIONS</u>	<u>N.J.S. 40A:4-87</u>	<u>EXPENDED</u>	
Clean Communities Program	\$ 3,122	\$ 5,438		\$ 3,962	\$ 4,598
Drunk Driving Program	1,131			1,131	-
Municipal Alliance	11,170	3,425		3,806	10,789
Local Share	1,027	1,027		1,027	1,027
Storm Water Management Grant	10,000				10,000
USDA Grant	1,534				1,534
N.J. Transportation Trust Authority:					
Lake Just-It Road	1,460			1,460	-
Lake Just-It Road - Phase II	91,600			91,360	240
Locust Lake Road	18,304				18,304
Shiloh Road		193,000		127,181	65,819
Recycling Tonnage Grant	221	1,123		45	1,299
Donations				2,200	2,200
DEPE Enviromental Grant - Swayze Mill Park					
Local Share	7,341				7,341
Totals	\$ 146,910	\$ 204,013	\$ 2,200	\$ 232,172	\$ 120,951

REF. A A-3 A-3 A-4 A

CURRENT FUND
SCHEDULE OF STATE GRANTS - UNAPPROPRIATED

A-22

	<u>BALANCE</u>	<u>TRANSFER</u>	<u>TO</u>	<u>BALANCE</u>
	<u>12/31/12</u>	<u>2013 BUDGET</u>	<u>APPROPRIATIONS</u>	<u>RECEIVED</u>
				<u>12/31/13</u>
Recycling Grant	\$ 1,123	\$ 1,123		\$ 1,378
Clean Communities				946
Totals	<u>\$ 1,123</u>	<u>\$ 1,123</u>	<u>\$ 2,324</u>	<u>\$ 2,324</u>
REF.	A	A-3	A-4	A

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

A-23

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 1,200
Increased by:		
Marriage License Receipts	A-4	<u> 425</u>
		1,625
Decreased by:		
State Payments	A-4	<u> 325</u>
Balance December 31, 2013	A	<u>\$ 1,300</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-24

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 218,735
Increased by:		
2013 Municipal Open Space Tax	A-6	<u>51,730</u>
Decreased by:		
Professional Fees	A-4	<u>10,524</u>
Balance December 31, 2013	A	<u>\$ 259,941</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA EXPENDITURES-RECONSTRUCTION OF ROADS

A-25

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 56,097
Increased by:		
Hurricane Sandy	A-4	<u>26,105</u>
Balance December 31, 2013	A	<u>\$ 82,202</u>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2012	B	\$ <u>7,479</u>	\$ <u>78,359</u>
Increased by Receipts:			
Dog License Fees	B-3	5,004	
State Dog License Fees	B-4	791	
Amount Due Current Fund	B-5:6	19	
Escrow Trust Deposits	B-7		3,495
Public Defender Trust Deposits	B-8		4,360
Recreation Trust Fund Deposits	B-10		32,481
Christmas Trust Deposits	B-14	<u>-</u>	<u>21,491</u>
Total Receipts		<u>5,814</u>	<u>61,827</u>
		<u>13,293</u>	<u>140,186</u>
Decreased by Disbursements:			
Amount Due Current Fund	B-5:6	3,756	1
Escrow Trust Deposits Returned	B-7		5,591
Recreation Trust Fund Payments	B-10		24,475
Christmas Trust Payments	B-14	<u>-</u>	<u>23,675</u>
Total Disbursements		<u>3,756</u>	<u>53,742</u>
Balance December 31, 2013	B	\$ <u>9,537</u>	\$ <u>86,444</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 5,439
Increased by:		
Dog License Fees Collected	B-2	<u>5,004</u> 10,443
Decreased by:		
Statutory Excess Due Current Fund	B-5	\$ 2,477
Administrative Expenses	B-5	<u>913</u> <u>3,390</u>
Balance December 31, 2013	B	<u>\$ 7,053</u>

DOG FEES COLLECTED

CY 2012		\$ 2,989
CY 2013		<u>4,069</u> <u>\$ 7,058</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 5
Increased by:		
Collected in 2013:		
State Board of Health Fees	B-2	791
		<u>796</u>
Decreased By:		
Payments - By Current Fund	B-5	<u>791</u>
Balance December 31, 2013	B	<u>\$ 5</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE - CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 2,035
Increased by:		
Interest Credits Due Current Fund	B-2	\$ 19
Due Current Fund - Statutory Excess	B-3	2,477
Due Current Fund - Administrative Expenses	B-3	913
Due Current Fund - State Dog Fees	B-4	<u>791</u> \$ 4,200
		6,235
Decreased by:		
Due Current Fund	B-2	<u>3,756</u>
Balance December 31, 2013	B	<u>\$ 2,479</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 214,625
Increased by:		
Interest Credits Paid to Current Fund	B-2	\$ 1
Tax Sale Premiums Received in Current Fund	B-9	6,000
Municipal Open Space Levy Includes Added Omitted Taxes	B-12	<u>51,730</u>
		<u>57,731</u>
		272,356
Decreased by:		
Public Defender paid by Current Fund	B-8	5,411
Driveway Bonds paid by Current Fund	B-11	1,500
Open Space Expenditures paid by Current Fund	B-12	<u>10,524</u>
		<u>17,435</u>
Balance December 31, 2013	B	<u>\$ 254,921</u>
Due to Current Fund - Escrow Trust Interest Credits		\$ (4)
Due from Current Fund - Public Defender		(10,516)
Due from Current Fund - Municipal Open Space		259,941
Due from Current Fund - Tax Sale Premiums		6,000
Due to Current Fund - Driveway Trust		<u>(500)</u>
		<u>\$ 254,921</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 26,837
Increased by:		
Escrow Deposits	B-2	<u>3,495</u>
		30,332
Decreased by:		
Escrow Deposits Refunded	B-2	<u>5,591</u>
Balance December 31, 2013	B	<u>\$ 24,741</u>

TRUST FUND
SCHEDULE OF RESERVE FOR
PUBLIC DEFENDERS' TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2012	B	\$ (870)
Increased by:		
Public Defender Receipts	B-2	<u>4,360</u> 3,490
Decreased by:		
Public Defender Payments	B-6	<u>5,411</u>
Balance December 31, 2013	B	<u>\$ (1,921)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-9

REF.

Increased by:

Premiums Received in Current Fund	B-6	<u>\$ 6,000</u>
		6,000
Balance December 31, 2013	B	<u>\$ 6,000</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION TRUST FUND

B-10

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 13,467
Increased by:		
Escrow Deposits	B-2	<u>32,481</u>
		45,948
Decreased by:		
Recreation Expenses	B-2	<u>24,475</u>
Balance December 31, 2013	B	<u>\$ 21,473</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-11

	<u>REF.</u>
Balance December 31, 2012	B \$ 1,000
Decreased by:	
Driveway Bonds paid by Current Fund	B-6 <u>1,500</u>
Balance December 31, 2013	B <u>\$ (500)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

B-12

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 218,736
Increased by:		
2013 Levy	B-6	\$ 51,557
2013 Added/Omitted Taxes	B-6	<u> 173</u> <u>51,730</u>
		270,466
Decreased by:		
Professional Fees Paid by Current Fund	B-6	<u> 10,524</u>
Balance December 31, 2013	B	<u>\$ 259,942</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH TRUST

B-13

REF.

Balance December 31, 2013

B \$ 10

Balance December 31, 2013

B \$ 10

TRUST FUND
SCHEDULE OF RESERVE FOR CHRISTMAS TRUST FUND

B-14

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 33,804
Increased by:		
Christmas Trust Deposits	B-2	<u>21,491</u>
		55,295
Decreased by:		
Christmas Trust Expenditures	B-2	<u>23,675</u>
Balance December 31, 2013	B	<u>\$ 31,620</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH

C-2

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 257,640
Increased by:		
Interest Credits	C-3	\$ 411
Interfunds Returned from Current Fund	C-3	43,597
Capital Improvement Fund Budget Appropriation	C-5	<u>6,000</u> <u>50,008</u>
		307,648
Decreased by:		
Interfund Advance to Current Fund	C-3	<u>31,030</u> <u>31,030</u>
Balance December 31, 2013	C	<u>\$ 276,618</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>			
Balance December 31, 2012	C		\$	(51)
Increased by:				
State of New Jersey Reimbursement - Moravian Distillery	C-6	\$ 249,133		
Premium on Bond Anticipation Note Sale Received in Current Fund	C-1	850		
Interfunds Advanced to Current Fund	C-2	<u>31,030</u>	\$	<u>281,013</u>
				280,962
Decreased by:				
Interest Credits	C-2	411		
Interfunds Returned from Current Fund	C-2	43,597		
Improvement Authorizations paid by Current Fund	C-7	<u>224,331</u>	\$	<u>268,339</u>
Balance December 31, 2013	C		\$	<u>12,623</u>

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/12</u>	DECREASED <u>PAID BY</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/13</u>
Fire Truck, Property (Moravian Grange) Acquisition & Renovation, and Roadside Mower	\$ 806,400	\$ 70,200	\$ 736,200
	<u>\$ 806,400</u>	<u>\$ 70,200</u>	<u>\$ 736,200</u>
REF.	C	C-8	C

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-5

	<u>REF.</u>					
Balance December 31, 2012	C	\$ 1				
Increased By:						
Canceled Improvement Authorizations	C-7	\$ 1,185				
2013 Budget Appropriation	C-2	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; padding: 0 10px;">6,000</td> <td style="border-bottom: 1px solid black; padding: 0 10px;">7,185</td> </tr> <tr> <td></td> <td style="text-align: right; padding-right: 10px;">7,186</td> </tr> </table>	6,000	7,185		7,186
6,000	7,185					
	7,186					
Decreased By:						
To Fund Improvement Authiorizations	C-7	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; padding: 0 10px;">6,000</td> </tr> </table>	6,000			
6,000						
Balance December 31, 2013	C	<u>\$ 1,186</u>				

GENERAL CAPITAL FUND
STATEMENT OF RESERVE FOR MORAVIAN DISTILLERY

C-6

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 9,500
Increased by:		
State of New Jersey Reimbursement - Moravian Distillery	C-3	<u>249,133</u>
Balance December 31, 2013	C	<u>\$ 258,633</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE</u>		<u>BALANCE</u> <u>12/31/12</u>		<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>CANCELED</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>12/31/13</u>	
		<u>DATE</u>	<u>AMOUNT</u>	<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Fire Truck, Property (Moravian Grange) Acquisition & Renovation, and Roadside Mower	06-16	12/27/06	\$1,067,000		\$ 219,516			\$ 219,516		-
HP Tower Server	13-03	8/14/13	6,000			\$ 6,000	\$ 1,185	4,815	-	
					- \$ 219,516	\$ 6,000	\$ 1,185	\$ 224,331	-	-
REF.				C	C	C-5	C-5	C-3	C	C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>PURPOSE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
Fire Truck, Property (Moravian Grange) Acquisition & Renovation, and Roadside Mower	2-27-07	2-19-2013	2-18-2014	1.625%	\$ 806,400	\$ 70,200	\$ 736,200
					\$ 806,400	\$ 70,200	\$ 736,200
REF.					C	C-4	C

GENERAL CAPITAL FUND
STATEMENT OF AMOUNTS DUE GRANTS FUND

C-9

	<u>REF.</u>	
Balance December 31, 2012	C	<u>\$ 28,346</u>
Balance December 31, 2013	C	<u>\$ 28,346</u>

PUBLIC ASSISTANCE FUND SCHEDULES

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	<u>P.A.T.F.</u> <u>#1</u>	<u>P.A.T.F.</u> <u>#2</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2012	E	<u>\$ -</u>	<u>\$ 5,333</u>	<u>\$ 5,333</u>
Increased by:				
Interest		-	7	7
			7	7
Decreased by Disbursements:				
Public Assistance		-	5,340	5,340
		-	5,340	5,340
Balance December 31, 2013	E	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2013

F-1

	<u>BALANCE</u> <u>12/31/12</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/13</u>
General Fixed Assets:				
Land	\$ 724,202			\$ 724,202
Buildings	1,014,533			1,014,533
Improvements Other Than Buildings	27,414			27,414
Machinery and Equipment	<u>1,223,204</u>	<u>\$ 4,815</u>	<u>-</u>	<u>1,228,019</u>
 Total General Fixed Assets	 <u>\$ 2,989,353</u>	 <u>\$ 4,815</u>	 <u>-</u>	 <u>\$ 2,994,168</u>
 Investment In General Fixed Assets	 <u>\$ 2,989,353</u>	 <u>\$ 4,815</u>	 <u>-</u>	 <u>\$ 2,994,168</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

**Report on Internal Control over Financial Reporting
and Compliance and Other Matters based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a 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. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body 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 paragraph (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. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall 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 N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2011, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$36,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

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 determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 3, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE, BE IT RESOLVED that a grace period of 10 days for non-payment of taxes per R.S.54:4-67 is declared and that interest of 8% per annum for the first \$1,500 of delinquency and 18% per annum for any amount in excess of \$1,500 shall be charged, except that no interest shall be charged if payment of any installment is made within 10 days after the date upon which the same shall be payable."

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 3, 2013, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013, include only real property items on the 2013 tax levy.

The last tax sale was held on February 7, 2013 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2013	14
2012	14
2011	13

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.

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 16, 2013. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax				
Date of Circulars - November 16, 2013				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2013 Property Tax	Positive	1,218	60	18
2014 Property Tax	Positive	1,218	60	18
2013 Delinquent Tax	Negative	461	25	4

Technical Accounting Directives

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Hope to these new directives are as follows:

<u>Requirement</u>	FY 2013 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
CURRENT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Fund Balance Utilized	\$ 193,430	2.78%	\$ 181,530	2.77%
Miscellaneous - From Other Than				
Local Property Tax Levies	672,555	9.67%	514,954	7.86%
Collection of Delinquent Taxes and				
Tax Title Liens	53,377	0.77%	43,465	0.66%
Collection of Current Tax Levy	5,948,593	85.54%	5,706,611	87.07%
Interfunds Returned	<u>86,374</u>	<u>1.24%</u>	<u>107,743</u>	<u>1.64%</u>
Total Income	<u>6,954,329</u>	<u>100.00%</u>	<u>6,554,303</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	1,403,750	20.64%	1,168,589	18.44%
County Taxes	1,708,145	25.11%	1,628,218	25.69%
Local Taxes	3,619,850	53.22%	3,534,831	55.78%
Interfund Advances	<u>69,750</u>	<u>1.03%</u>	<u>5,168</u>	<u>0.08%</u>
Total Expenditures	<u>\$ 6,801,495</u>	<u>100.00%</u>	<u>\$ 6,336,806</u>	<u>100.00%</u>

Excess in Revenue	152,834		217,497	
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year:	<u>-</u>		<u>16,000</u>	
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Statutory Excess To Fund Balance	152,834		233,497	
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Fund Balance January 1	244,098		192,131	
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Less:

Utilization as Anticipated Revenue	<u>193,430</u>		<u>181,530</u>	
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Fund Balance December 31	<u>\$ 203,502</u>		<u>\$ 244,098</u>	
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Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2010</u>
<u>Tax Rate</u>	\$2.333	\$2.237	\$2.208
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.234	\$0.214	\$0.206
Municipal Open Space	\$0.020	\$0.020	\$0.020
County	\$0.681	\$0.645	\$0.679
Local School	\$1.418	\$1.378	\$1.323

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2013	\$257,784,393
2012	\$260,065,395
2011	\$263,499,179

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 6,031,016	\$5,948,593	98.63%
2012	\$ 5,827,800	\$5,706,611	97.92%
2011	\$ 5,830,480	\$5,736,657	98.39%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 220,949	\$ 22,729	\$ 243,678	4.04%
2012	\$ 190,263	\$ 52,747	\$ 243,010	4.17%
2011	\$ 153,846	\$ 48,099	\$ 201,945	3.46%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on Decemer 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$441,700
2012	\$441,700
2011	\$441,700

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year Regular</u>
2013	\$ 203,502	\$ 170,000
2012	\$ 244,098	\$ 193,430
2011	\$ 192,131	\$ 181,530
2010	\$ 257,127	\$ 235,700
2009	\$ 502,421	\$ 399,050

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Timothy C. McDonough	Mayor		
M. John Koonz	Committeeperson		
George H. Beatty	Committeeperson		
Mary Pat Quinn	Clerk; Registrar of Vital Statistics; Assessment Search Officer; Dog Registrar	\$35,000	Selective Insurance Co.
Lynn Gabel	Deputy Clerk	\$25,000	Selective Insurance Co.
Kathleen Reinalda	Certified Municipal Finance Officer	\$95,000	Selective Insurance Co.

Officials in Office and Surety Bonds (Continued)

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Stephen J. Lance	Collector; Tax Search Officer	\$95,000	Selective Insurance Co.
Karen M. Bartlett-Lance	Assistant Tax Collector	\$25,000	Selective Insurance Co.
Michael Selvaggi	Attorney		
Richard Motyka	Assessor		
Ralph Price	Construction Official		
David Diehl	Zoning Officer		
Alan DeCarolis	Animal Control Officer		
Alfia Schemm	Planning Board Secretary; Zoning Board of Adjustment Secretary		
Lynn Gabel	Secretary to Historic and Environmental Commissions		

The minimum bond coverage for the Tax Collector and Municipal Court based on prior year tax levies is as follows:

All other officials handling monies were bonded by blanket bond coverage in the amount of \$10,000 under faithful performance blanket bond position as provided by the Selective Insurance

<u>Year</u>	<u>Tax Collector</u>	<u>Municipal Court</u>
2013	\$94,069	\$23,474

All the bonds were examined and were properly executed.



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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 Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Hope in the County of Warren, State of New Jersey, as of and for the fiscal year ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township of Hope's basic financial statements, and have issued our report thereon dated May 5, 2014, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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.

-Continued-

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 entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARDITO & CO., LLP



Frenchtown, New Jersey
May 5, 2014



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 5, 2014

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>GRANT PERIOD</u>	<u>AWARD</u>	<u>FUND REF.</u>	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13	<u>RECEIPTS PROGRAM</u>	<u>DISBURSE- MENTS PROGRAM</u>	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13	<u>CUMMULATIVE EXPENDITURES</u>
DEPARTMENT OF HOMELAND SECURITY									
Disaster Grants - Public Assist (Presidentially Declared)-Hurr. Sand	97.036	2013	\$ 31,420	A	-	\$ 31,420	\$ (31,420)	-	\$ 31,420
			<u>\$ 31,420</u>		<u>-</u>	<u>\$ 31,420</u>	<u>\$ (31,420)</u>	<u>-</u>	<u>\$ 31,420</u>

Note: This Schedule was not subject to an audit in accordance with OMB Circular A-133.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>STATE GRANTOR/ PROGRAM TITLE</u>	<u>ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH (ACCRUED) OR DEFERRED REVENUE BALANCE AT 1/1/13</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH (ACCRUED) OR DEFERRED REVENUE BALANCE AT 12/31/13</u>
<u>DEPT. OF COMMUNITY AFFAIRS</u>									
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,425	2013	A		\$ 3,425			\$ 3,425
Local Share						1,027			1,027
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,425	2012	A	\$ 3,362				3,362
Local Share					1,027		\$ 1,027		-
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,425	2011	A	(508)		\$ 508		-
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,425	2010	A	394				394
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,425	2009	A	3,425		(508)	2,200	717
Local Share					1,027				1,027
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,366	2008	A	1,606			1,606	-
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-	4900-765-178900								
Clean Communities Program		6,384	2013	A		6,384		840	5,544
Clean Communities Program		5,438	2012	A	3,122			3,122	-
Environmental Grant-Swayze Mill-Loce	N/A	7,341	2007	A	7,341				7,341
<u>DEPT. OF HUMAN SERVICES</u>									
Payments to Municipalities for Cost of									
General Assistance (State Share)	75050-150-158010-60		2002-Open	E	5,333	7		5,340	-

-Continued-

SCHEDULE OF STATE FINANCIAL ASSISTANCE - (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH (ACCRUED) OR DEFERRED REVENUE			CASH (ACCRUED) OR DEFERRED REVENUE		
					BALANCE AT 1/1/12	RECEIPTS PROGRAM	OTHER DISBURSEMENTS	BALANCE AT 12/31/12	BALANCE AT 12/31/12	
<u>DEPT. OF PUBLIC SAFETY</u>										
Drunk Driving Enforcement Fund	4250-760-050000-63	325	2009	A	219			219	-	
Drunk Driving Enforcement Fund		804	2010	A	804			804	-	
Drunk Driving Enforcement Fund		108	2012	A	108			108	-	
<u>DEPT. OF TRANSPORTATION</u>										
NJ Transportation Fund Authority Act										
Lake Just-It Road-Phase II	N/A	91,600	2011	A	45,705			92,820	(47,115)	
Locust Lake Road	N/A	99,000	2010	A	(499)			(499)	-	
Lake Just-It Road	N/A	15,400	2010	A	499			499	-	
Shiloh Road	N/A	193,000	2013	A	-	106,575		127,181	(20,606)	
<u>OTHER STATE AIDS</u>										
Storm Water Management Grant	N/A	5,000	2005	A	5,000				5,000	
Storm Water Management Grant	N/A	5,000	2007	A	5,000				5,000	
<u>OTHER LOCAL AIDS</u>										
Recycling Grant	N/A	1,378	2013			1,378			1,378	
Recycling Grant	N/A	1,123	2012	A	1,123				1,123	
Recycling Grant	N/A	2,665	2011	A	221		45		176	
Swayze Mill Improvements Grant	N/A	5,400	2005	A	(2,282)				(2,282)	
TOTAL STATE ASSISTANCE						\$ 82,027	\$ 118,796	\$ -	\$ 235,312	\$ (34,489)

Note: This Schedule was not subject to an audit in accordance with NJ OMB Circular 04-04.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF HOPE

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2013

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Hope. The Township of Hope is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. However, these schedules were not subject to an audit in accordance with OMB Circular A-133 or NJOMB Circular 04-04.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

Prior Year
Occurrence

None

(* Prior Year Finding

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2013

Summary of Auditor's Results

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2013 as 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:

Finding

None

(*) Prior Year Finding