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**TOWNSHIP OF NORTH HANOVER**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2013**



**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
Wrightstown, New Jersey 08562

### Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of North Hanover, County of Burlington, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of North Hanover, County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of North Hanover, County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Other Matters**

#### **Report on Supplementary Information**

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements

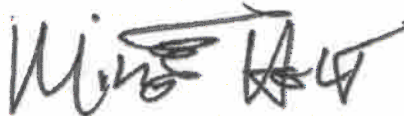
and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2014, on our consideration of the Township of North Hanover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of North Hanover's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**  
Certified Public Accountants & Consultants



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

May 8, 2014  
Medford, New Jersey

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

The Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
Wrightstown, New Jersey 08562

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of North Hanover (herein referred to as "the Municipality"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated May 8, 2014, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Comments & Recommendations we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No. 2013-01.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No's. 2013-01.

### **Response to Findings**

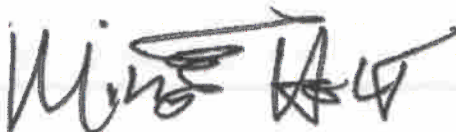
The Township of North Hanover's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. The Township of North Hanover's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**  
Certified Public Accountants & Consultants



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

May 8, 2014  
Medford, New Jersey

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**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
<b>Regular Fund:</b>			
Cash - Treasurer	A-4	\$ 1,045,275	\$ 885,318
Change Funds	A-6	455	455
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	185	549
<b>Total</b>		<u>1,045,915</u>	<u>886,322</u>
<b>Receivables &amp; Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-8	184,029	218,598
Tax Title Liens Receivable	A-9	69,009	54,258
Property Acquired for Taxes - (Assessed Valuation)	A	3,410	3,410
Revenue Accounts Receivable	A-10	10,037	136,396
Due from Bank	A	9,910	
Due from State & Federal Grant Fund	A	13,868	14,866
Due from Trust Other Fund	B	40,089	42,651
<b>Total Receivable &amp; Other Assets With Full Reserves</b>		<u>330,352</u>	<u>470,179</u>
<b>Deferred Charges To Future Taxation:</b>			
Special Emergency Authorizations	A	23,400	46,800
<b>Total</b>		<u>23,400</u>	<u>46,800</u>
<b>Total Regular Fund</b>		<u>1,399,667</u>	<u>1,403,301</u>
<b>Federal &amp; State Grant Fund:</b>			
Due from Trust Other Fund	B	6,541	6,541
Federal & State Grants Receivable	A-19	586,358	596,990
<b>Total Federal &amp; State Grants</b>		<u>592,899</u>	<u>603,531</u>
		<u>\$ 1,992,566</u>	<u>\$ 2,006,832</u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2013	2012
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 122,758	\$ 64,422
Accounts Payable	A	4,475	4,925
Reserve for Encumbrances	A-3	19,192	60,505
Prepaid Taxes	A-12	66,842	84,906
Tax Overpayments	A-13	31,639	2,549
Due County for Added & Omitted Taxes	A-15	5,699	4,422
Regional School Tax Payable	A-17	76,065	71,857
Municipal Open Space Tax Payable	A-18, B	216,439	736
Special Emergency Note Payable	A	23,400	46,800
Reserve for Preparation of Master Plan	A	810	810
Reserve for Revaluation	A	9,770	11,211
Reserve for Tax Appeals	A	-	6,000
Reserve for Summer Recreation Flooring	A	-	7,000
Due to Trust - Outside Police	B	4,846	4,846
Due to Animal Control Trust	B	849	849
Due to Bank	A	-	25
<b>Total Liabilities</b>		<b>582,784</b>	<b>371,863</b>
Reserve for Receivables & Other Assets	A	330,352	470,179
Fund Balance	A-1	486,531	561,259
<b>Total Regular Fund</b>		<b>1,399,667</b>	<b>1,403,301</b>
State & Federal Grants:			
Due to Current Fund	A	13,868	14,866
Encumbrance Payable	A-21	-	26,014
Reserve for Federal & State Grants:			
Unappropriated	A-20	26,230	39,824
Appropriated	A-21	552,801	522,827
<b>Total State &amp; Federal Grants</b>		<b>592,899</b>	<b>603,531</b>
<b>Total Liabilities, Reserves &amp; Fund Balance</b>		<b>\$ 1,992,566</b>	<b>\$ 2,006,832</b>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 404,200	\$ 336,000
Miscellaneous Revenue Anticipated	1,710,101	1,969,554
Receipts From Delinquent Taxes	169,672	160,562
Receipts from Current Taxes	7,681,550	7,395,314
Nonbudget Revenues	75,255	157,085
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	84,233	13,055
Cancellation of Reserve for Tax Appeals	25,750	-
Interfunds Liquidated	4,313	4,994
	<u>10,155,074</u>	<u>10,036,564</u>
Total Income		
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,078,943	1,094,710
Other Expenses	1,042,274	1,010,654
Deferred Charges & Statutory Expenditures - Municipal	271,126	252,263
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	145,786	152,234
Other Expenses	119,471	329,373
Municipal Debt Service	315,554	324,553
Capital Improvements	18,400	10,000
Deferred Charges & Statutory Expenditures - Municipal	67,400	29,400
County Taxes	1,593,995	1,658,935
Due County for Added and Omitted Taxes	5,699	4,422
Local District School Taxes	2,247,971	2,159,424
Regional School Taxes	2,692,492	2,457,010
Municipal Open Space Tax	210,665	214,930
Creation of Other Receivable	9,910	-
Interfunds - Advanced	5,916	-
	<u>9,825,602</u>	<u>9,697,908</u>
Total Expenditures		
Excess in Revenue	<u>329,472</u>	<u>338,656</u>
Fund Balance January 1	<u>561,259</u>	<u>558,603</u>
Total	890,731	897,259
Decreased by:		
Utilized as Anticipated Revenue	<u>404,200</u>	<u>336,000</u>
Fund Balance December 31	<u>\$ 486,531</u>	<u>\$ 561,259</u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 404,200	\$ -	\$ 404,200	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,450	-	4,452	2
Other	15,000	-	17,776	2,776
Fees & Permits	192,000	-	196,233	4,233
Fines & Costs:				
Municipal Court	120,000	-	114,760	(5,240)
Interest on Costs & Taxes	41,000	-	54,982	13,982
Interest on Investments & Deposits	500	-	1,488	988
Summer Recreation Program - North Hanover				
Board of Education	15,000	-	15,000	-
Communication Leases - Cable/Tower	54,000	-	64,900	10,900
Energy Tax Receipts	765,714	-	765,714	-
Uniform Construction Code Fees	80,000	-	52,337	(27,663)
Wrightstown Court Fees	8,100	-	9,220	1,120
Transfer of Reserves from Municipal Open				
Space Trust for Debt Service	122,444	-	122,444	-
Interlocal Service Agreement:				
Chesterfield Court Fees	140,000	-	178,088	38,088
School Resource Officer - BOE Reimbursement	38,000	-	38,000	-
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	10,380	-	10,380	-
Clean Communities Program	25,490	-	25,490	-
Municipal Alliance on Alcoholism & Drug Abuse	5,000	-	5,000	-
Safe & Secure Communities Program	30,000	-	30,000	-
Body Armor Replacement Grant Fund- State	3,837	-	3,837	-
<b>Total Revenues</b>	<b>1,670,915</b>	<b>-</b>	<b>1,710,101</b>	<b>39,186</b>
Receipts from Delinquent Taxes	200,000	-	169,672	(30,328)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,024,542	-	1,077,612	53,070
<b>Budget Totals</b>	<b>3,299,657</b>	<b>-</b>	<b>3,361,585</b>	<b>61,928</b>
Nonbudget Revenues	-	-	75,255	75,255
<b>Total</b>	<b>\$ 3,299,657</b>	<b>\$ -</b>	<b>\$ 3,436,840</b>	<b>\$ 137,183</b>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 7,681,550
Allocated to School, County & Local Open Space Taxes	<u>6,841,895</u>
Balance of Support of Municipal Budget Appropriations	839,655
Add: Appropriation "Reserve for Uncollected Taxes"	<u>237,957</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,077,612</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 169,672</u>
Fees & Permits - Other:	
Fees & Permits	\$ 5,901
Community Center	300
Dump Fees	42,030
Gun Permit	492
Land Use Application	15,463
Zoning Permits	973
Mobile Home Fees	<u>131,074</u>
Total	<u><u>\$ 196,233</u></u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 10,284
Inspection of Motor Vehicles	7,146
Administrative Fee for Senior Citizens & Veterans	970
FEMA Awards	33,107
Cable Franchise Fee	10,043
Outside Police	9,815
Hotel/Motel Licenses	<u>3,890</u>
Total	<u><u>\$ 75,255</u></u>

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT:</b>							
Mayor & Township Committee:							
Salaries and Wages	\$ 16,000	\$ 16,000	\$ 15,766	\$ -	\$ 234	\$ -	
Other Expenses	4,325	4,325	1,760	-	2,565	-	
Municipal Clerk:							
Salaries and Wages	50,000	51,200	51,150	-	50	-	
Other Expenses	7,045	7,945	7,907	-	38	-	
Financial Administration:							
Salaries and Wages	60,789	61,289	61,112	-	177	-	
Other Expenses	12,305	16,555	16,509	-	46	-	
Audit Services:							
Other Expenses	29,000	29,000	29,000	-	-	-	
Collection of Taxes:							
Salaries and Wages	16,555	17,055	16,886	-	169	-	
Other Expenses	7,800	9,675	9,665	-	10	-	
Assessment of Taxes:							
Salaries and Wages	22,945	23,445	23,403	-	42	-	
Other Expenses	3,325	3,425	3,401	-	24	-	
Legal Services & Costs:							
Other Expenses	35,000	21,250	19,236	-	2,014	-	
Engineering Services & Costs:							
Other Expenses	13,500	5,100	3,910	-	1,190	-	
Municipal Land Use Law (N.J.S. 40:55D-1):							
Planning & Zoning Board:							
Salaries and Wages	624	624	523	-	101	-	
Other Expenses	3,350	3,850	3,837	-	13	-	
Zoning Officer							
Other Expenses	275	275	75	-	200	-	
Mobile Home Inspector:							
Other Expenses	200	200	58	-	142	-	
<b>INSURANCE:</b>							
Other Insurance Premiums	45,000	51,500	51,328	-	172	-	
Worker's Compensation Insurance	102,019	102,019	101,769	-	250	-	
Group Insurance Plan for Employees	256,089	226,089	207,620	-	18,469	-	
Medical Option Out Payments	20,000	20,000	20,000	-	-	-	
<b>PUBLIC SAFETY:</b>							
Police:							
Salaries and Wages	643,350	678,350	675,318	2,500	532	-	
Other Expenses	60,000	60,000	59,353	91	556	-	

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		PAID OR		EXPENDED		CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - WITHIN "CAPS"</b>							
Emergency Management Service:							
Other Expenses	800	800	405	-	395	-	
Aid to Volunteer Fire Company:							
Jacobstown Volunteer Fire Company	56,600	53,900	32,325	-	21,575	-	
Municipal Prosecutor:							
Salaries and Wages	2,614	2,614	2,582	-	32	-	
Other Expenses	6,700	6,700	3,917	1,625	1,158	-	
<b>PUBLIC WORKS FUNCTIONS</b>							
Public Works:							
Other Expenses	126,175	97,825	88,944	3,943	4,938	-	
Sanitation:							
Waste Facility:							
Salaries and Wages	26,460	27,060	27,051	-	9	-	
Other Expenses	27,200	32,200	27,504	3,663	1,033	-	
Recycling:							
Other Expenses	100	1,550	750	800	-	-	
Public Buildings & Grounds:							
Salaries and Wages	15,900	15,900	14,750	-	1,150	-	
Other Expenses	25,850	33,450	29,176	1,213	3,061	-	
Vehicle Maintenance:							
Other Expense	17,000	23,950	21,388	2,421	141	-	
<b>HEALTH &amp; HUMAN SERVICES</b>							
Board of Health:							
Other Expenses	50	50	-	-	50	-	
Dog Regulation:							
Salaries and Wages	250	250	13	-	237	-	
Other Expenses	1,000	1,000	780	220	-	-	
<b>PARKS &amp; RECREATION FUNCTIONS:</b>							
Parks & Playgrounds:							
Salaries and Wages	27,500	27,500	27,100	-	400	-	
Other Expenses	38,871	35,071	15,506	2,069	17,496	-	
Celebration of Public Events:							
Other Expenses	8,670	8,670	1,837	-	6,833	-	
<b>UTILITY EXPENSES &amp; BULK PURCHASES:</b>							
Electricity	22,800	22,800	19,664	-	3,136	-	
Street Lighting	27,000	27,000	23,654	-	3,346	-	
Telephone	13,400	16,500	16,347	-	153	-	
Gas	8,500	7,700	5,423	-	2,277	-	
Fuel Oil	800	1,600	1,548	-	52	-	
Gasoline	51,000	51,000	42,354	-	8,646	-	

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		PAID OR		EXPENDED		CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - WITHIN "CAPS"</b>							
Municipal Court:							
Salaries and Wages	86,160	76,260	76,215	-	45	-	
Other Expenses	9,300	9,200	7,407	174	1,619	-	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>							
Landfill Tipping Fees							
Other Expenses	48,000	48,000	45,867	-	2,133	-	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):</b>							
State Uniform Construction Code:							
Construction Official:							
Salaries and Wages	83,596	81,396	76,639	-	4,757	-	
Other Expenses	1,950	2,100	1,764	312	24	-	
<b>Total Operations Within "CAPS</b>	<b>2,143,742</b>	<b>2,121,217</b>	<b>1,990,496</b>	<b>19,031</b>	<b>111,690</b>	<b>-</b>	
Detail:							
Salaries and Wages	1,052,743	1,078,943	1,068,508	2,500	7,935	-	
Other Expenses	1,090,999	1,042,274	921,988	16,531	103,755	-	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>							
<b>MUNICIPAL - WITHIN "CAPS"</b>							
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	43,325	43,325	41,405	-	1,920	-	
Social Security System (O.A.S.I)	90,000	90,000	87,040	-	2,960	-	
Police & Fireman's Retirement System	127,676	127,676	127,676	-	-	-	
Unemployment Compensation Insurance	7,800	6,125	5,971	-	154	-	
Defined Contribution Retirement Program	4,000	4,000	4,000	-	-	-	
<b>Total Statutory Expenditures</b>	<b>272,801</b>	<b>271,126</b>	<b>266,092</b>	<b>-</b>	<b>5,034</b>	<b>-</b>	
<b>Total General Appropriations Within "CAPS"</b>	<b>2,416,543</b>	<b>2,392,343</b>	<b>2,256,588</b>	<b>19,031</b>	<b>116,724</b>	<b>-</b>	
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>							
Public Assistance	100	100	-	-	100	-	
Group Insurance Plan for Employees	11,911	11,911	11,911	-	-	-	
Recycling Tax Appropriations:							
Recycling Tax	4,600	4,600	4,320	-	280	-	
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>							
Municipal Court:							
Salaries and Wages	63,841	80,541	80,423	-	118	-	
Other Expenses	12,900	12,000	6,303	161	5,536	-	

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



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS - EXCLUDED FROM "CAPS"	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Statutory Expenditures:						
Social Security System (O.A.S.I)	7,500	7,500	7,500	-	-	-
Contributions to Employees Retirement System	2,303	2,303	2,303	-	-	-
Unemployment Compensation Insurance	600	600	600	-	-	-
Group Insurance Plan for Employees	20,000	20,000	20,000	-	-	-
Municipal Prosecutor:						
Other Expenses	14,500	14,500	14,500	-	-	-
<b>PUBLIC &amp; PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:</b>						
Municipal Alliance for a Drug Free New Jersey:						
State Share	5,000	5,000	5,000	-	-	-
Township Share	1,250	1,250	1,250	-	-	-
Clean Communities Program	25,490	25,490	25,490	-	-	-
Recycling Grant- State Share	10,380	10,380	10,380	-	-	-
Safe & Secure Communities Program:						
State Share	30,000	30,000	30,000	-	-	-
Township Share	35,245	35,245	35,245	-	-	-
Body Armor Replacement Grant- State	3,837	3,837	3,837	-	-	-
<b>Total Operations</b>	<b>249,457</b>	<b>265,257</b>	<b>259,062</b>	<b>161</b>	<b>6,034</b>	<b>-</b>
<b>Total Operations Including Contingent</b>	<b>249,457</b>	<b>265,257</b>	<b>259,062</b>	<b>161</b>	<b>6,034</b>	<b>-</b>
Detail:						
Salaries and Wages	129,086	145,786	145,668	-	118	-
Other Expenses	120,371	119,471	113,394	161	5,916	-
Capital Improvements:						
Capital Improvement Fund	10,000	18,400	18,400	-	-	-
<b>Total Capital Improvements</b>	<b>10,000</b>	<b>18,400</b>	<b>18,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Debt Service:						
Payment of Bond Principal	140,000	140,000	140,000	-	-	-
Payment of Bond Anticipation & Capital Notes	111,500	111,500	111,491	-	-	9
Interest on Bonds	55,000	55,000	54,340	-	-	660

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Interest on Notes	10,000	10,000	7,973	-	-	2,027
Special Emergency Notes: Interest	1,800	1,800	1,750	-	-	50
Total Municipal Debt Service	318,300	318,300	315,554	-	-	2,746
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES MUNICIPAL - EXCLUDED FROM "CAPS"</b>						
Special Emergency Authorizations - 5 Years	23,400	23,400	23,400	-	-	-
Reserve for Tax Appeals	44,000	44,000	44,000	-	-	-
Total Deferred Charges & Statutory Expenditures	67,400	67,400	67,400	-	-	-
Subtotal General Appropriations Reserve for Uncollected Taxes	3,061,700	3,061,700	2,917,004	19,192	122,758	2,746
	237,957	237,957	237,957	-	-	-
Total General Appropriations	\$ 3,299,657	\$ 3,299,657	\$ 3,154,961	\$ 19,192	\$ 122,758	2,746
Reserve for State & Federal Grants Appropriated			\$ 111,202			
Deferred Charges			23,400			
Reserve for Tax Appeals			44,000			
Reserve for Uncollected Taxes Disbursed			237,957			
			2,738,402			
Total			\$ 3,154,961			

**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Animal Control Trust Fund:			
Cash	B-1	\$ 3,736	\$ 1,870
Due from Current Fund	A	849	849
Total Animal Control Trust Fund		<u>4,585</u>	<u>2,719</u>
Other Funds:			
Cash - Treasurer	B-1	944,580	1,065,133
Cash - Collector	B-2	26,300	113,382
Due from Bank	B	235	235
Due from Municipal Court	B	7,579	7,579
Due from Current Fund - Outside Police	A	4,846	4,846
Municipal Open Space Receivable	B-5,A	216,439	736
Total Other Funds		<u>1,199,979</u>	<u>1,191,911</u>
Total Assets		<u>\$ 1,204,564</u>	<u>\$ 1,194,630</u>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 4,580	\$ 2,714
Due to State	B	5	5
Total Animal Control Trust Fund		<u>4,585</u>	<u>2,719</u>
Other Funds:			
Due to Current Fund	B-3,A	40,089	42,651
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Escrow Deposits	B-6	128,149	116,569
Reserve for Affordable Housing	B-7	145,941	165,403
Reserve for Payroll Deductions	B-8	21,862	16,853
Reserve for Recreation	B-9	88,377	81,747
Reserve for Public Defender Fee	B-11	5,585	1,420
Reserve for Fire Prevention Fines	B-13	350	350
Reserve for Citizens' Contributions for Future Municipal Purposes	B-14	2,606	2,606
Reserve for Tax Premiums	B-2	26,300	28,500
Reserve for Tax Title Liens	B	-	84,882
Reserve for Ambulance Fund Contributions	B-12	465	465
Reserve for Municipal Open Space	B-5	716,631	627,872
Reserve for Outside Police	B	6,875	6,875
Reserve for County Fair	B-10	7,525	5,553
Reserve for POAA	B	26	26
Reserve for Program Income - Municipal Alliance	B	682	1,623
Reserve for Unallocated Receipts	B	1,025	1,025
Reserve for Police	B-15	950	950
Total Other Funds		<u>1,199,979</u>	<u>1,191,911</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,204,564</u>	<u>\$ 1,194,630</u>

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

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Cash	C-1	\$ 278,747	\$ 247,809
Accounts Receivable	C-2	2,306	2,306
DOT Grant Receivable	C-2	18,811	77,750
Deferred Charges to Future Taxation - Funded	C-3	975,000	1,115,000
Deferred Charges to Future Taxation - Unfunded	C-4	1,208,170	761,161
<b>Total Assets</b>		<b>\$ 2,483,034</b>	<b>\$ 2,204,026</b>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
General Serial Bonds	C-8	\$ 975,000	\$ 1,115,000
Bond Anticipation Notes	C-7	1,174,850	728,341
Capital Improvement Fund	C-6	61	10,661
Improvement Authorizations:			
Funded	C-5	56,287	237,526
Unfunded	C-5	226,104	61,316
Reserve for:			
Capital Surplus	C-2	592	592
Encumbrances Payable	C-2	-	450
Premiums on Notes Issued	C-2	270	270
Fire Equipment	C-2	49,370	49,370
Acquisition of Land	C-2	500	500
<b>Total Liabilities, Reserves &amp; Fund Balance</b>		<b>\$ 2,483,034</b>	<b>\$ 2,204,026</b>

There were bonds and notes authorized but not issued on December 31, 2013 of \$33,320 and on December 31, 2012 was \$32,820.

**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE STATEMENT OF ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2013 AND 2012**

ASSETS	2013	2012
Land & Land Improvements	\$ 2,244,452	\$ 1,944,452
Buildings	1,017,099	1,017,099
Vehicles	1,982,902	1,695,402
Machinery & Equipment	873,837	873,837
Total	<u>\$ 6,118,290</u>	<u>\$ 5,530,790</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 6,118,290</u>	<u>\$ 5,530,790</u>

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

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Township of North Hanover was incorporated in 1905 and is located in the County of Burlington, New Jersey. The population according to the 2010 census was 7,678.

The form of Government is known as a Township pursuant to N.J.S.A.40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor.

**Component Units**

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

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township of North Hanover contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

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

**Current Fund** – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

## TOWNSHIP OF NORTH HANOVER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

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

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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

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

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

**General Fixed Assets** - Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

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. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

**Foreclosed property** - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

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

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Township of North Hanover School District and its share of the Northern Burlington County Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

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

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be 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.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

**Subsequent Events** - The Township of North Hanover has evaluated subsequent events occurring after December 31, 2013 through the date of June 14, 2013, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2013 and reported at fair value are as follows:

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 2. Cash and Cash Equivalents (continued):**

Type	Carrying Value
<b>Deposits</b>	
Demand Deposits	<u>\$ 2,298,638</u>
Total Deposits	<u><u>\$ 2,298,638</u></u>
<b>The Township's Cash and Cash Equivalents are Reported as Follows:</b>	
Current Fund	\$ 1,045,275
Trust Other Fund	970,880
Animal Control Fund	3,736
Capital Fund	<u>278,747</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,298,638</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2013, the Township's bank balance of \$2,310,765 was insured or collateralized as follows:

Insured	\$ 283,713
Uninsured and uncollateralized	
Collateralized in the District's Name Under GUDPA	<u>2,027,052</u>
Total	<u><u>\$2,310,765</u></u>

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 3. Property Taxes**

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

**Comparison of Tax rate Information**

	2013	2012	2011
Total Tax Rate	\$ 1.873	\$ 1.796	\$ 1.776
Apportionment of Tax Rate:			
Municipal	0.244	0.228	0.223
Municipal Open Space	0.049	0.049	0.050
County	0.335	0.347	0.363
County Library	0.031	-	-
County Open Space	0.015	0.041	0.043
Local School	0.546	0.514	0.494
Regional School	0.653	0.617	0.603

**Net Valuation Taxable**

2013	<u>\$ 419,877,834</u>	
2012		<u>\$ 428,772,960</u>
2011		<u>\$ 428,453,160</u>

**Comparison of Tax Levies and Collection Currently**

Year	Tax Levy	Cash Collections	Percentage Of Collection
2013	\$ 7,893,876	\$ 7,681,550	97.31%
2012	7,625,093	7,395,314	96.99%
2011	7,659,117	7,440,241	97.14%

**Delinquent Taxes and Tax Title Liens**

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2013	\$ 69,009	\$ 184,029	\$ 253,038	3.21%
2012	54,258	218,598	272,856	3.58%
2011	36,858	166,683	203,541	2.67%

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous two years was as follows:

Year	Amount
2013	\$ 3,410
2012	3,410
2011	3,410

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Year	Balance December 31,	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
2013*	\$ 486,531	\$ 462,750	95.11%
2012	561,259	404,200	72.02%
2011	558,603	336,000	60.15%
2010	344,692	335,000	97.19%
2009	651,593	626,000	96.07%
2008	671,525	510,000	75.95%

\*Estimated, Budget not adopted

**Note 6. Interfund Receivables and Payables**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2013:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 53,957	\$ 5,695
State & Federal Grant Fund	6,541	13,868
Trust Other Fund	4,846	46,630
Animal Control Fund	849	-
Total	\$ 66,193	\$ 66,193

The purpose of these interfunds was short-term borrowings.



**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 7. Pension**

**A. Plan Description**

The Township of North Hanover contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of N.J.S.A.43:15A and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of N.J.S.A.43:16A. Both plans were set up 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

**Note 7. Pension (continued)**

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.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of N.J.S.A.43:16A, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

**B. Vesting and Benefit Provisions**

The vesting and benefit provisions of 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.

Chapter 78, P.L. 2012 changed this for employees enrolled after June 28, 2012. See Note 6C below.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 7. Pension (continued):**

**C. Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional 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 ½ 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, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced. New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2012, Chapter 78, P.L. 2012 reformed various pension and health benefits provisions. Employees hired after June 28, 2012 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2012. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

**D. 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 provide for employee contributions of 6.5%, effective October 1, 2012, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2012, of their annual covered salary for P.F.R.S. and North Hanover Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions to P.E.R.S. for the years

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 7. Pension (continued):**

ending December 31, 2013, 2012 and 2010 were \$41,405, \$48,227 and \$64,326, respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2013, 2012 and 2010 were \$127,676, \$112,912 and \$126,841, respectively, equal to the required contributions for each year.

**Note 8. Capital Debt**

	<u>Summary of Debt</u>		
Issued	Year 2013	Year 2012	Year 2011
General:			
Bonds & Notes & Loans	\$ 2,149,850	\$ 1,843,341	\$ 1,809,578
Authorized but Not Issued	33,320	32,280	213,320
Total	\$ 2,183,170	\$ 1,875,621	\$ 2,022,898

**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 indicated a statutory net debt of .511%:

	Gross Debt	Deductions	Net Debt
Regional School Debt	\$ 3,136,426	\$ 3,136,426	-
General	2,183,170	-	\$ 2,183,170
Total	\$ 5,319,596	\$ 3,136,426	\$ 2,183,170

Net Debt \$2,183,170 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$427,231,646 equals .511%.

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

3½% of Equalized Valuation Basis (Municipal)	\$14,953,108
Net Debt	2,183,170
Remaining Borrowing Power	\$12,769,938

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 8. Capital Debt (continued):**

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (See Exhibit C-8)**

Year	General		Total
	Principal	Interest	
2014	\$ 145,000	\$ 46,930	\$ 191,930
2015	150,000	39,260	189,260
2016	155,000	31,330	186,330
2017	170,000	22,880	192,880
2018	175,000	13,910	188,910
2019	180,000	4,680	184,680
Total	<u>\$ 975,000</u>	<u>\$ 158,990</u>	<u>\$ 1,133,990</u>

**Bond Anticipation Notes (See Exhibit C-7) – Notes mature May 2, 2014 & June 30, 2014 @ 0.85%, 1.1970% & 1.5%.**

<u>December 31,</u> <u>2012</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31,</u> <u>2013</u>
\$ 728,341	\$ 1,174,850	\$ 728,341	\$ 1,174,850

**Note 9. Deferred School District Taxes**

The North Hanover Township School District tax and Northern Burlington County Regional High School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Balance December 2013	Balance December 2012
Local School Taxes:		
Balance of Tax	\$ 1,146,003	\$ 1,101,926
Deferred	1,146,003	1,101,926
Taxes Payable	<u>\$ -</u>	<u>\$ -</u>
Regional School Taxes:		
Balance of Tax	\$ 1,446,175	\$ 1,394,239
Deferred	1,370,110	1,322,382
Taxes Payable	<u>\$ 76,065</u>	<u>\$ 71,857</u>

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 10. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed. Settlements in each of the past three years have not exceeded the insurance coverage.

**Note 11. Municipal Open Space**

The Township of North Hanover is strongly committed to preserving, to the extent possible, farmland within the Township for the benefit of the citizens of the Township of North Hanover and the State of New Jersey. At the general election in 2000 the voters approved a tax rate of two cents (.02) per \$100. This rate was in effect for 2001, 2002 and 2003. Voters approved a four cent (.04) tax rate for calendar year 2004. At the general election in 2004, the voters approved a tax rate of eleven cents (.11) per \$100 for 2005, 2006 and 2007, and for 2008, 2009 and 2010 a rate of nine cents (.09), and for 2012 and 2013 a rate of five cents (.05) per \$100 of the assessed value of real property in order to raise revenue for the acquisition, development, maintenance and conservation of farmland, open space recreation and historic properties.

The following is a summary of activity for from the inception of the Municipal Open Space Trust Tax:

Municipal Open Space Tax Revenue	\$	2,259,964
Interest Earned		40,390
Debt Paid To-Date		(1,303,569)
Paid Fees for Professional Services		(49,891)
Open Space Purchases		(230,263)
		<hr/>
Total	\$	<u><u>716,631</u></u>

**Note 12. Other Post Retirement Benefits – GASB 45**

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

**Plan Description**

The Township contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 12. Other Post Retirement Benefits – GASB 45 (continued):**

The Township's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. The Township will cover the entire cost of post-retirement health benefits for the retirees and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and twenty (20) continuous years or more of service with the Township of North Hanover. Post-retirement benefits included Medicare reimbursement.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/](http://www.state.nj.us/treasury/pensions/).

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Township on a monthly basis.

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. The Township's contributions for related health care premiums for the years ended December 31, 2013 and 2012 were \$207,620 and \$224,932 respectively.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CURRENT CASH  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>CURRENT</u>	<u>FEDERAL &amp; STATE GRANT FUNDS</u>
Balance December 31, 2012	\$ 885,318	\$ -
Increased by Receipts:		
Tax Collector	\$ 7,813,506	\$ -
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	48,500	-
Due from Interfunds	58,922	35,497
Miscellaneous Revenue Not Anticipated	75,255	-
Revenue Accounts Receivable	1,580,412	-
Unappropriated Grants	-	26,113
Federal & State Grants Receivable	-	45,632
	<u>9,576,595</u>	<u>107,242</u>
Total Increases	<u>9,576,595</u>	<u>107,242</u>
Total Receipts	<u>10,461,913</u>	<u>107,242</u>
Decreased by Disbursements:		
2013 Budget Appropriations	2,738,402	-
2012 Appropriation Reserves	20,974	-
Prior Year Encumbrances	19,720	-
Reserve For Tax Appeals	24,250	-
Reserve For Revaluation	1,440	-
Reserve For Summer Rec. Flooring	7,000	-
Bank Fees	9,935	-
Tax Overpayments - Refunds	1,348	-
County Taxes	1,593,995	-
County Share of Added & Omitted Taxes	4,422	-
Local District School Tax	2,247,971	-
Regional School Taxes	2,688,284	-
Special Emergency Note Payable	23,400	-
Due to Interfunds	35,497	-
Reserve for Federal & State Grant Funds - Appropriated	-	107,242
	<u>9,416,638</u>	<u>107,242</u>
Total Disbursements	<u>9,416,638</u>	<u>107,242</u>
Balance December 31, 2013	<u>\$ 1,045,275</u>	<u>\$ -</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CASH AND RECONCILIATION  
PER N.J.S.40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	-
<hr/>			
Increased by:			
Taxes Receivable	\$ 7,746,479		
Interest & Costs on Taxes	185		
Prepaid Taxes	<u>66,842</u>		<u>7,813,506</u>
Subtotal			7,813,506
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			<u>7,813,506</u>
Balance December 31, 2013		<u>\$</u>	<u>-</u>

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

OFFICE	AMOUNT
Tax Collector	\$ 50
Municipal Court	300
Township Clerk	<u>105</u>
Total	<u>\$ 455</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
CHAPTER 20, P.L. 1971  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 549
Increased by:	
2013 Senior Citizen & Veteran Deductions per Tax Billing	<u>48,136</u>
Subtotal	48,685
Decreased by:	
Collections	<u>48,500</u>
Balance December 31, 2013	<u><u>\$ 185</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2013**

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	ADDED TAXES	COLLECTIONS 2012	COLLECTIONS 2013	DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2013
Arrears	\$ 701	\$ -	\$ -	\$ -	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ 249
2012	217,897	-	-	-	217,188	-	48,098	(48,129)	740	-
Total	218,598	-	-	-	217,640	-	48,098	(48,129)	740	249
2013	-	7,864,313	29,563	84,906	7,528,839	48,136	14,559	19,669	13,987	183,780
Balance	\$ 218,598	\$ 7,864,313	\$ 29,563	\$ 84,906	\$ 7,746,479	\$ 48,136	\$ 62,657	\$ (28,460)	\$ 14,727	\$ 184,029

**ANALYSIS OF 2013 PROPERTY TAX LEVY**

<b>Tax Yield:</b>	
General Purpose Tax	\$ 7,865,931
Added & Omitted Taxes (54:4-63.1 et seq.)	27,945
<b>Total</b>	<u>\$ 7,893,876</u>

<b>Tax Levy:</b>	
Regional School Tax	\$ 2,740,220
Local District School Tax	2,292,048
County Taxes:	
County Tax	\$ 1,405,507
County Library Tax	127,667
Open Space	60,821
Due County:	
Added & Omitted Taxes (R.S. 54-4-63.1 et seq.)	5,699
<b>Total County Taxes</b>	<u>1,599,694</u>

Local Tax for Municipal Purpose	1,024,542
Local Open Space Tax	209,933
Add: Additional Tax Levied	27,439
<b>Local Tax for Municipal Purposes Levied</b>	<u>1,261,914</u>
<b>Total</b>	<u>\$ 7,893,876</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	54,258
Increased by:		
Interest & Costs on Taxes		185
Transfer from Taxes Receivable		14,727
		69,170
Decreased by:		
Liens Redeemed		161
Balance December 31, 2013	\$	69,009

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2013
Licenses:				
Alcoholic Beverages	\$ -	\$ 4,452	\$ 4,452	\$ -
Other	-	17,776	17,776	-
Fees & Permits	-	196,233	196,233	-
School Resource Officer - BOE Reimbursement	-	38,000	38,000	-
State of New Jersey:				
Energy Receipt Taxes	-	765,714	765,714	-
Transfer From Open Space for Payment of Debt Service	-	122,444	122,444	-
Interlocal Service Agreement:				
Chesterfield Court Fees	124,937	53,151	178,088	-
Cablevision Lease/Tower Rental	-	64,900	64,900	-
Summer Recreation Program - Board of Education	-	15,000	15,000	-
Interest on Investments	-	1,488	1,488	-
Construction Code Official:				
Fees & Permits	-	52,337	52,337	-
Municipal Court:				
Fines & Costs	11,046	113,519	114,760	9,805
Wrightstown Municipal Court:				
Fines & Costs	413	9,039	9,220	232
Total	\$ 136,396	\$ 1,454,053	\$ 1,580,412	\$ 10,037
			\$ 1,580,412	
			\$ 1,580,412	

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF 2012 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
<b>Salary &amp; Wages:</b>				
Municipal Clerk	\$ 620	\$ 620	\$ 249	\$ 371
Tax Collector	50	50	32	18
<b>Other Expenses:</b>				
Municipal Clerk	71	171	77	94
Financial Administration	287	287	242	45
Collection of Taxes	48	98	75	23
Assessment of Taxes	21	1,021	599	422
Legal	2,949	2,949	1,260	1,689
Construction Official	94	94	90	4
Police	6,936	6,936	2,814	4,122
Aid to Volunteer Fire Company	6,379	7,879	7,570	309
Streets & Roads	40,596	39,096	1,600	37,496
Waste Facility	7,037	7,037	3,026	4,011
Public Buildings & Grounds	2,092	2,092	2,082	10
Vehicle Maintenance	3,413	3,563	3,554	9
Celebration of Public Events	6,655	6,655	4,227	2,428
Dog Regulation	26	526	280	246
Recreation	2,390	2,390	56	2,334
Electric	1,531	1,631	1,541	90
Street Lighting	2,767	2,767	2,161	606
Telephone	11	1,511	1,283	228
Natural Gas	335	835	659	176
Gasoline	10,294	4,294	3,551	743
Landfill Tipping Fees	8,555	5,605	3,396	2,209
Municipal Court - North Hanover	649	649	117	532
Municipal Court - Wrightstown	1,634	1,634	47	1,587
Municipal Court - Chesterfield	2,279	2,279	106	2,173
All Other Accounts - No Changes	17,208	22,258		22,258
<b>Total</b>	<b>\$ 124,927</b>	<b>\$ 124,927</b>	<b>\$ 40,694</b>	<b>\$ 84,233</b>
2012 Appropriation Reserves	\$ 64,422		\$ 20,974	
2012 Encumbrances	60,505		19,720	
<b>Total</b>	<b>\$ 124,927</b>		<b>\$ 40,694</b>	



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012 (2013 Taxes)	\$ 84,906
<hr/>	
Increased by:	
Collection - 2013 Taxes	<u>66,842</u>
Subtotal	151,748
Decreased by:	
Apply to 2013 Taxes Receivable	<u>84,906</u>
Balance December 31, 2013 (2013 Taxes)	<u><u>\$ 66,842</u></u>

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 2,549
Increased by:	
Overpayments Created	<u>50,107</u>
Subtotal	52,656
Decreased by:	
Applied to Taxes Receivable	\$ 19,669
Refunded	<u>1,348</u>
	21,017
Balance December 31, 2013	<u><u>\$ 31,639</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	-
Increased by:			
2013 Levy:			
County Tax	\$	1,405,507	
County Library Tax		127,667	
County Open Space Tax		60,821	1,593,995
		60,821	1,593,995
Subtotal			1,593,995
Decreased by:			
Payments			1,593,995
Balance December 31, 2013		\$	-

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	4,422
Added Taxes (2012)			4,422
Increase by County Share of 2013 Levy:			
Added (R.S. 54:4-63.1 et seq.)			5,699
Subtotal			10,121
Decreased by:			
Payments:			
Added Taxes (2012)			4,422
Balance December 31, 2013:		\$	5,699
Added Taxes (2013)			5,699

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012:		
School Tax Payable		
School Tax Deferred	<u>\$ 1,101,926</u>	\$ 1,101,926
Increased by Local District School's Share of 2013 Levy:		
Levy - School Year July 1, 2013 to June 30, 2013		<u>2,292,048</u>
Subtotal		3,393,974
Decreased by Payments:		
Payments		<u>2,247,971</u>
Balance December 31, 2013:		
School Tax Payable		
School Tax Deferred	<u>\$ 1,146,003</u>	1,146,003
Total		<u>\$ 1,146,003</u>
2013 Liability for Local District School Tax:		
Tax Paid	\$ 2,247,971	
Tax Payable December 31, 2013		<u>-</u>
Subtotal		2,247,971
Less: Tax Payable December 31, 2012		<u>-</u>
Amount Charged to 2013 Operations		<u>\$ 2,247,971</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012:		
School Tax Payable	\$ 71,857	
School Tax Deferred	<u>1,322,382</u>	\$ 1,394,239
Increased by Regional School's Share of 2013 Levy:		
Levy - School Year July 1, 2013 to June 30, 2013		<u>2,740,220</u>
Subtotal		4,134,459
Decreased by Payments:		
Payments		<u>2,688,284</u>
Balance December 31, 2013:		
School Tax Payable	\$ 76,065	
School Tax Deferred	<u>1,370,110</u>	
Total		<u>\$ 1,446,175</u>
2013 Liability for Regional School Tax:		
Tax Paid		\$ 2,688,284
Tax Payable December 31, 2013		<u>76,065</u>
Subtotal		2,764,349
Less: Tax Payable December 31, 2012		<u>71,857.00</u>
Amount Charged to 2013 Operations		<u>\$ 2,692,492</u>

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**SCHEDULE OF DUE TRUST OTHER FUND FOR RESERVE FOR OPEN SPACE TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	736
Increased by:			
2013 Tax Levy	\$	209,933	
2013 Added & Omitted Taxes		732	
Overpayment of Budgeted Revenue		5,038	215,703
Subtotal			216,439
Decreased by:			
Disbursement - Trust Other Fund			-
Balance December 31, 2013		\$	216,439

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES**  
**FEDERAL AND STATE GRANTS RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012	ACCRUED	RECEIVED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2013
Federal Grants:					
Body Armor Replacement Fund	\$ 2,544	\$ -	\$ -	\$ -	\$ 2,544
Total	2,544	-	-	-	2,544
State Grants:					
Transportation Trust Fund					
Discretionary Aid Program	2,419	-	-	-	2,419
DOT Grant	48,457	-	-	-	48,457
DOT Grant - Stewart Road	17,451	-	-	-	17,451
Stop Violence Against Women	777	-	-	-	777
Safe & Secure Communities	62,637	30,000	15,000	-	77,637
Smart Growth Planning Grant	15,000	-	-	-	15,000
Municipal Alliance on Alcoholism & Drug Abuse	24,132	5,000	1,988	-	27,144
DVRPC Zoning Implementation Grant	48,000	-	-	-	48,000
Project Graduation	238	-	-	-	238
"55 Alive" DEDR Program	500	-	-	-	500
NJ Economic Development: Program - Hazardous Discharge	500	-	-	-	500
Recycling Tonnage Grant		10,380	-	10,380	
SLAHEOP Grant	2,406	-	-	-	2,406
Stormwater Regulation Program	3,750	-	-	-	3,750
State Agriculture Development Committee (SADC) Planning Assistance Grant	20,000	-	-	-	20,000
Burlington County Parks Grant - Phase I	94,338	(65,694)	28,644	-	
Burlington County Parks Grant - Phase II	250,000	65,694	-	-	315,694
Polling Place Grant	3,841	-	-	-	3,841
Body Armor Fund	-	3,837	-	3,837	-
Clean Communities Grant	-	25,490	-	25,490	-
Total State Grants	594,446	74,707	45,632	39,707	583,814
Total	\$ 596,990	\$ 74,707	\$ 45,632	\$ 39,707	\$ 586,358
			\$ 45,632		
			\$ 45,632		

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL AND STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012	GRANT RECEIPTS	REALIZED AS MISCELLANEOUS REVENUE IN 2013 BUDGET	BALANCE DECEMBER 31, 2013
Federal Grants:				
COPS Universal Program	\$ 2	\$ -	\$ -	\$ 2
Body Armor Replacement Program	2	-	-	2
Total	4	-	-	4
State Grants:				
Supplemental Fire Services	113	-	-	113
Body Armor Replacement Grant	3,837	1,528	3,837	1,528
Recycling Tonnage Grant	10,380	10,269	10,380	10,269
Clean Communities Grant	25,490	14,316	25,490	14,316
Total State Grants	39,820	26,113	39,707	26,226
Total All Grants	\$ 39,824	\$ 26,113	\$ 39,707	\$ 26,230

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012 APPROPRIATED	TRANSFERRED FROM 2013 BUDGET APPROPRIATION	DISBURSED	CANCELLED ENCUMBRANCES	BALANCE DECEMBER 31, 2013 APPROPRIATED
<b>Federal Grants:</b>					
COPS Universal Program	\$ 11,131	\$ -	\$ -	\$ -	\$ 11,131
Small Cities Block Grant	27	-	-	-	27
Body Armor Replacement Program	554	-	-	-	554
<b>Total Federal Grants</b>	<b>11,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,712</b>
<b>State Grants:</b>					
DOT Grant	64,217	-	-	-	64,217
State Agriculture Development Committee (SADC) Planning Assistance Grant	8,930	-	8,001	-	929
Burlington County Parks Grant - Phase I	54,550	(65,594)	11,365	22,409	-
Burlington County Parks Grant - Phase II	250,000	65,594	-	-	315,594
Transportation Trust Fund - Stewart Road	6,676	-	-	-	6,676
Municipal Alliance on Alcoholism & Drug Abuse	34,235	5,000	-	-	39,235
NJ Economic Development Authority Municipal Grant Program	6,510	-	-	-	6,510
Buckle Up New Jersey Grant	1,932	-	-	-	1,932
Special Legislative Grant - Purchase of Emergency Generators	916	-	-	-	916
Recycling Tonnage Grant	7,737	10,380	-	-	18,117
SLAHEOP Grant	2,406	-	-	-	2,406
DDEF	6,978	-	-	-	6,978
Smart Growth Grant	15,000	-	-	-	15,000
Body Armor Replacement Program	-	3,837	-	-	3,837
Safe & Secure Communities Program	-	30,000	19,412	-	10,588
Polling Place Grant	3,841	-	-	-	3,841
Clean Communities Grant	13,061	25,490	4,600	2,400	36,351
<b>Total State Grants</b>	<b>476,989</b>	<b>74,707</b>	<b>43,378</b>	<b>24,809</b>	<b>533,127</b>
<b>Municipal Share/ Local:</b>					
Safe & Secure Communities Program	25,114	35,245	61,564	1,205	-
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555	-	-	-	555
Municipal Alliance on Alcoholism & Drug Abuse	8,457	1,250	2,300	-	7,407
<b>Total Local Grants</b>	<b>34,126</b>	<b>36,495</b>	<b>63,864</b>	<b>1,205</b>	<b>7,962</b>
<b>Total All Grants</b>	<b>\$ 522,827</b>	<b>\$ 111,202</b>	<b>\$ 107,242</b>	<b>\$ 26,014</b>	<b>\$ 552,801</b>

Original Appropriations	\$ 111,202
Cash Disbursements	\$ 107,242
<b>Total</b>	<b>\$ 111,202 \$ 107,242</b>

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**TRUST FUND**

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**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
STATEMENT OF TRUST CASH  
PER N.J.S.40A:5-5-TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ANIMAL CONTROL TRUST FUND	OTHER FUNDS
Balance December 31, 2012	\$ 1,870	\$ 1,065,133
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 2,944	
Reserve for Escrow Deposits		\$ 29,346
Reserve for Affordable Housing		3,445
Reserve for Payroll		1,532,082
Reserve for Recreation		66,167
Reserve for County Fair		7,177
Reserve for Public Defender Fee		15,756
Reserve for Municipal Open Space		538
Total Increase	<u>2,944</u>	<u>1,654,511</u>
Total Receipts	<u>4,814</u>	<u>2,719,644</u>
Decreased by Disbursements:		
Due to Current Fund		7,584
Reserve for Dog Fund Expenditures	1,078	
Reserve for Escrow Deposits		17,766
Reserve for Affordable Housing		22,907
Reserve for Payroll		1,527,073
Reserve for Public Defender Fee		11,591
Reserve for Recreation		59,537
Reserve for County Fair		5,205
Reserve for Municipal Alliance		957
Reserve for Municipal Open Space		122,444
Total Disbursements	<u>1,078</u>	<u>1,775,064</u>
Balance December 31, 2013	<u>\$ 3,736</u>	<u>\$ 944,580</u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF CURRENT CASH  
PER N.J.S. 40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 113,382
<hr/>		
Increased by:		
Interest	\$ 24	
Reserve for Tax Title Lien Redemption	600	624
		<hr/>
Subtotal		114,006
Decreased by:		
Refund Lien Redemption	85,482	
Refund Premium	2,200	
Interest to Current	24	87,706
		<hr/>
Balance December 31, 2013		<u>\$ 26,300</u>
	Tax Premiums	\$ 26,300
	Tax Title Liens	<u>-</u>
		<u>\$ 26,300</u>

**TRUST OTHER FUND  
SCHEDULE OF DUE FROM/TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 42,651
Increase by:		
Receipts		<hr/> 11,277
		53,928
Decreased by:		
Disbursements		<hr/> 13,839
Balance December 31, 2013		<u>\$ 40,089</u>

**TOWNSHIP OF NORTH HANOVER  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	2,714
Increased by:		
Collections:		
Dog License Fees Collected by Clerk		2,944
Subtotal		5,658
Decreased by:		
Expenditures Under R.S.4:19-15.11--Cash		1,078
Balance December 31, 2013	\$	4,580

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2012	\$ 2,854
2011	2,348
Total	\$ 5,202

**TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	627,872
Increased by:		
Revenues - Tax Levy from Current Fund	\$ 210,665	
Interest	538	211,203
Subtotal		839,075
Decreased by:		
Anticipated Revenue Current Fund - Debt Service		122,444
Balance December 31, 2013	\$	716,631

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 116,569
Increased by:	
Interest Earned & Escrow Deposits	<u>29,346</u>
Subtotal	145,915
Decreased by:	
Refunds or Payments	<u>17,766</u>
Balance December 31, 2013	<u><u>\$ 128,149</u></u>

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 165,403
Increased by:	
Receipts:	
Affordable Housing Fees	<u>3,445</u>
Subtotal	168,848
Decreased by:	
Disbursement	<u>22,907</u>
Balance December 31, 2013	<u><u>\$ 145,941</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR PAYROLL  
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXHIBIT B-8

Balance December 31, 2012	\$	16,853
Increased by:		
Payroll		<u>1,532,082</u>
Subtotal		1,548,935
Decreased by:		
Payroll Expenditures		<u>1,527,073</u>
Balance December 31, 2013	\$	<u><u>21,862</u></u>

**ANALYSIS OF BALANCE**

Dental/Health	\$	4,990
PERS		2,059
PFRS		7,864
DCRP Retirement		496
Unallocated Reserve		<u>6,453</u>
Total	\$	<u><u>21,862</u></u>

**SCHEDULE OF RESERVE FOR RECREATION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXHIBIT B-9

Balance December 31, 2012	\$	81,747
Increased by:		
Receipts		<u>66,167</u>
Subtotal		147,914
Decreased by:		
Disbursements		<u>59,537</u>
Balance December 31, 2013	\$	<u><u>88,377</u></u>

## EXHIBIT B-10

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR COUNTY FAIR  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 5,553
Increased by:	
Receipts	<u>7,177</u>
Decreased by:	
Disbursements	<u>5,205</u>
Balance December 31, 2013	<u><u>\$ 7,525</u></u>

## EXHIBIT B-11

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 1,420
Increased by:	
Receipts - Fees Collected by Court	<u>15,756</u>
Subtotal	17,176
Decreased by:	
Disbursements - Expenditures	<u>11,591</u>
Balance December 31, 2013	<u><u>\$ 5,585</u></u>

## EXHIBIT B-12

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2013 & 2012	<u><u>\$ 465</u></u>
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**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXHIBIT B-13

Balance December 31, 2013 & 2012

\$ 350

**SCHEDULE OF RESERVE CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL PURPOSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXHIBIT B-14

Balance December 31, 2013 & 2012

\$ 2,606

**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXHIBIT B-15

Balance December 31, 2013 & 2012

\$ 950

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**GENERAL CAPITAL FUND**

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TOWNSHIP OF NORTH HANOVER  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION  
 PER N.J.S.40A:5-5-TREASURER  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Balance December 31, 2012		\$	247,809
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	18,400	
Interest Due Current Fund		107	
DOT Grant Receivable		58,939	
Note Proceeds		558,000	635,446
Subtotal			883,255
Decreased by Disbursements:			
Prior Year Encumbrance		450	
Improvement Authorizations		603,951	
Interest Due Current Fund		107	604,508
Balance December 31, 2013		\$	<u>278,747</u>

TOWNSHIP OF NORTH HANOVER  
 GENERAL CAPITAL FUND  
 ANALYSIS OF GENERAL CAPITAL CASH  
 FOR THE YEAR ENDED DECEMBER 31, 2013

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2012	BOND ANTICIPATION NOTES	RECEIPTS MISCELLANEOUS		IMPROVEMENT AUTHORIZATIONS	DISBURSEMENTS MISCELLANEOUS		TRANSFERS		BALANCE DECEMBER 31, 2013
			\$	\$		FROM	TO	FROM	TO	
Capital Improvement Fund	\$ 10,661	-	\$ 18,400	\$	-	\$ 29,000	\$	-	\$	61
<b>ORDINANCE NUMBER</b>										
1997-16 Feasibility Study for Improvement to Municipal Building and Replacement of Heating System	1,862	-	-	-	-	-	-	-	-	1,862
1999-04 Various Capital Improvements	24,559	-	-	-	-	-	-	-	-	24,559
2001-03 Capital Improvements & Purchase Equipment	6,889	-	-	-	-	-	-	-	-	6,889
2003-06 Purchase of Public Safety Equipment	4,126	-	-	-	-	-	-	-	-	4,126
2003-08 Acquisition of Farms for Farmland Preservation	13,890	-	-	-	-	-	-	-	-	13,890
2006-06 Acquisition of Farms for Farmland Preservation & Various Capital Improvements	(19,214)	-	-	-	-	-	-	-	-	(19,214)
2009-10 Purchase of Validator/Postage Machine	3,200	-	-	-	-	-	-	-	-	3,200
2009-21 Acquisition & Installation of Solar Panels	16,344	-	-	-	-	-	-	-	-	16,344
2009-22 Reconstruction of Schoolhouse Road Phase II	7,938	-	-	-	-	-	-	-	-	7,938
2011-05 Acquisition of Certain Real Property	3,202	-	-	-	-	-	-	-	-	3,202
2012-01 Acquisition of a Fire Vehicle & Installation of Equipment	2,210	-	-	-	-	-	-	-	-	2,210
2012-06 Acquisition & Installation of a Trash Compactor	1,049	-	-	-	-	-	-	-	-	1,049
2012-08 Resurfacing of Jacobstown-Armytown Roads	199,967	-	-	181,239	-	-	-	-	-	18,728
2013-05 Acquisition of a Tanker Truck	-	273,000	-	284,341	-	-	-	14,500	-	3,159
2013-09 Improvements to Schoolhouse Road Park	-	285,000	-	138,371	-	-	-	14,500	-	161,129
Premiums on Notes Issued - Reserve for Debt Service	270	-	-	-	-	-	-	-	-	270
Reserve for Acquisition of Land	500	-	-	-	-	-	-	-	-	500
Reserve for Fire Equipment	49,370	-	-	-	-	-	-	-	-	49,370
Capital Surplus	592	-	-	-	-	-	-	-	-	592
Due Current Fund	-	-	-	-	-	-	-	-	-	-
DOT Grant Receivable	(77,750)	-	58,939	-	-	-	-	-	-	-
Reserve for Encumbrance	450	-	-	-	-	-	450	-	-	-
Accounts Receivable	(2,306)	-	-	-	-	-	-	-	-	(2,306)
<b>Total</b>	\$ 247,809	\$ 558,000	\$ 77,339	\$ 603,951	\$ 29,000	\$ 29,000	\$ 450	\$ 29,000	\$ 278,747	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 1,115,000
<hr/>	
Decreased by:	
2013 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>140,000</u>
Balance December 31, 2013	<u><u>\$ 975,000</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2013	ANALYSIS OF BALANCE		
						BOND ANTICIPATION NOTES	EXPENDED AUTHORIZATIONS	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
2003-06	Purchase of Public Safety Equipment	\$ 14,016	\$ -	14,016	\$ -	\$ -	\$ -	\$ -
2003-08	Acquisition of Farms for Farmland Preservation	30,400	-	30,400	-	-	-	-
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	183,320	-	40,000	143,320	120,000	19,214	4,106
2009-21	Acquisition & Installation of Solar Panels	190,000	-	-	190,000	190,000	-	-
2011-05	Acquisition of Certain Real Property	243,675	-	27,075	216,600	216,600	-	-
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	71,250	-	-	71,250	71,250	-	-
2012-06	Acquisition & Installation of a Trash Compactor	19,000	-	-	19,000	19,000	-	-
2012-08	Resurfacing of Jacobstown-Amytown Roads	9,500	-	-	9,500	-	-	9,500
2013-05	Acquisition of Tanker Truck	-	273,000	-	273,000	273,000	-	-
2013-09	Improvements to Schoolhouse Road Park	-	285,500	-	285,500	285,000	-	500
Total		\$ 761,161	\$ 558,500	1,114,991	\$ 1,208,170	\$ 1,174,850	\$ 19,214	\$ 14,106

**Improvement Authorizations Unfunded:**

	ORD. NO.	
Unexpended Proceeds of Bond Anticipation Notes	2001-03	\$ 6,889
Unexpended Proceeds of Bond Anticipation Notes	2003-06	4,126
Unexpended Proceeds of Bond Anticipation Notes	2003-08	13,890
Unexpended Proceeds of Bond Anticipation Notes	2009-21	16,344
Unexpended Proceeds of Bond Anticipation Notes	2011-05	3,202
Unexpended Proceeds of Bond Anticipation Notes	2012-01	2,210
Unexpended Proceeds of Bond Anticipation Notes	2012-06	1,049
Unexpended Proceeds of Bond Anticipation Notes	2013-05	3,159
Unexpended Proceeds of Bond Anticipation Notes	2013-09	161,129
		211,998
		\$ 226,104



TOWNSHIP OF NORTH HANOVER  
 GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATION  
 FOR THE YEAR ENDED DECEMBER 31, 2013

IMPROVEMENT DESCRIPTION	ORDINANCE NUMBER	DATE	BALANCE DECEMBER 31, 2012		DOWN PAYMENTS	CHARGES TO FUTURE TAXATION- UNFUNDED	NEW JERSEY DEPARTMENT OF TRANSPORTATION	PAID OR CHARGED		BALANCE DECEMBER 31, 2013	
			FUNDED	UNFUNDED				FUNDED	UNFUNDED		
General Improvements: Feasibility Study for Improvement to Municipal & Replacement of Heating System	1997-16	8/28/1997	\$ 35,000	\$ 1,862	\$ -	\$ -	\$ -	\$ -	\$ 1,862	\$ -	
Various Capital Improvements	1999-04	3/20/1999	1,590,000	24,559	-	-	-	-	24,559	-	
Capital Improvements & Purchase Equipment	2001-03	5/10/2001	120,000	6,889	-	-	-	-	-	6,889	
Purchase of Public Safety Equipment	2003-06	9/18/2003	147,500	4,126	-	-	-	-	-	4,126	
Acquisition of Farms for Farmland Preservation	2003-08	11/13/2003	320,000	13,890	-	-	-	-	-	13,890	
Acquisition of Farms for Farmland Preservation & Various Capital Improvements	2006-06	5/28/2006	445,600	4,106	-	-	-	-	-	4,106	
Purchase of Validator/Postage Machine	2006-10	8/24/2006	3,200	3,200	-	-	-	-	3,200	-	
Acquisition & Installation of Solar Panels	2009-21	12/17/2009	200,000	16,344	-	-	-	-	-	16,344	
Reconstruction of Schoolhouse Road Phase III	2009-22	12/17/2009	17,000	7,938	-	-	-	-	7,938	-	
Acquisition of Certain Real Property	2011-05	11/15/2011	285,000	3,202	-	-	-	-	-	3,202	
Acquisition of a Fire Vehicle & Installation of Equipment	2012-01	3/1/2012	75,000	2,210	-	-	-	-	-	2,210	
Acquisition & Installation of a Trash Compactor	2012-06	7/16/2012	20,000	1,049	-	-	-	-	-	1,049	
Resurfacing of Jacobstown-Armytown Roads	2012-08	12/6/2012	210,000	9,500	-	-	-	181,239	18,728	9,500	
Acquisition of Fire Tanker Truck	2013-05	7/18/2013	287,500	-	14,500	273,000	-	284,341	-	3,159	
Improvements to Schoolhouse Road Park	2013-09	12/5/2013	300,000	-	14,500	285,500	-	138,371	-	161,629	
Total			\$ 237,526	\$ 61,316	\$ 29,000	\$ 558,500	\$ -	\$ 603,951	\$ 56,287	\$ 226,104	

Encumbrances Payable \$ -  
 Cash Disbursements 603,951  
\$ 603,951

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	10,661
Increased by:		
Capital Improvement Fund - Current Fund Budget		<u>18,400</u>
Subtotal		29,061
Decreased by:		
Funded Portion of 2013 Improvement Authorizations Issued		<u>29,000</u>
Balance December 31, 2013	<u>\$</u>	<u>61</u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASE	DECREASE	BALANCE DECEMBER 31, 2013
2003-06	Public Safety Equipment	10/20/2003	12/15/2012	5/3/2012	0.6500%	\$ 14,016	\$ -	\$ 14,016	\$ -
2003-08	Acquisition of Farms for Farmland Preservation Program	12/22/2003	12/15/2012	5/3/2012	0.6500%	30,400	-	30,400	-
2006-06	Acquisition of Farms for Farmland Preservation Program/Various Improvements	12/29/2006	12/15/2012 5/2/2013	5/3/2012 5/2/2014	0.6500% 0.8500%	160,000 -	- 120,000	160,000 -	- 120,000
2011-05	Acquisition of Certain Real Property	12/15/2011	12/15/2012 5/2/2013	5/3/2013 5/3/2012	0.6500% 0.8500%	243,675 -	- 216,600	243,675 -	- 216,600
2009-21	Acquisition & Installation of Solar Panels	5/3/2012	5/3/2012 5/2/2013	5/3/2012 5/2/2014	2.6000% 0.8500%	190,000 -	- 190,000	190,000 -	- 190,000
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	5/3/2012	5/3/2012 5/2/2013	5/3/2012 5/2/2014	2.6000% 0.8500%	71,250 -	- 71,250	71,250 -	- 71,250
2012-06	Acquisition & Installation of a Trash Compactor	12/15/2012	12/15/2012 5/2/2013	5/3/2012 5/2/2014	0.6500% 0.8500%	19,000 -	- 19,000	19,000 -	19,000 -
2013-05	Acquisition of a Tanker Truck	9/4/2013	9/4/2013	5/2/2014	1.1970%	-	273,000	-	273,000
2013-09	Improvements to Schoolhouse Road Park	12/30/2013	12/30/2013	6/30/2014	1.5000%	-	285,000	-	285,000
<b>Total</b>						<b>\$ 728,341</b>	<b>\$ 1,174,850</b>	<b>\$ 728,341</b>	<b>\$ 1,174,850</b>
						Renewals Issued for Cash	\$ 616,850	\$ 616,850	
						Paid by Budget	-	111,491	
						<b>\$ 1,174,850</b>	<b>\$ 1,174,850</b>	<b>\$ 728,341</b>	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT				
General Bonds of 1999	6/15/99	\$ 2,520,000	6/15/14	145,000	5.20%	\$ 1,115,000	\$ 140,000	\$ 975,000
			6/15/15	150,000				
			6/15/16	155,000				
			6/15/17	170,000				
			6/15/18	175,000				
			6/15/19	180,000				
Total						\$ 1,115,000	\$ 140,000	\$ 975,000

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	IMPROVEMENT AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2013
2006-06	Various Capital Improvements	\$ 23,320	\$ -	-	\$ 23,320
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	-	9,500
2013-05	Acquisition of a Tanker Truck	-	273,000	273,000	-
2013-09	Improvements to Schoolhouse Road Park	-	285,500	285,000	500
	Total	\$ 32,820	\$ 558,500	\$ 558,000	\$ 33,320

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**FIXED ASSETS**

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**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS GROUP OF ACCOUNTS  
STATEMENT OF GENERAL FIXED ASSET GROUP OF ACCOUNTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2013
General Fixed Assets:				
Land & Land Improvements	\$ 1,944,452	\$ 300,000	\$ -	\$ 2,244,452
Buildings	1,017,099	-	-	1,017,099
Vehicles	1,695,402	287,500	-	1,982,902
Machinery & Equipment	873,837	-	-	873,837
Total General Fixed Assets	<u>\$ 5,530,790</u>	<u>\$ 587,500</u>	<u>\$ -</u>	<u>\$ 6,118,290</u>
Total Investments in General Fixed Assets	<u>\$ 5,530,790</u>	<u>\$ 587,500</u>	<u>\$ -</u>	<u>\$ 6,118,290</u>

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**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2013:

<b>NAME</b>	<b>TITLE</b>	<b>AMOUNT OF BOND</b>	<b>NAME OF CORPORATE SURETY</b>
James Durr	Mayor	\$ 15,000.00	A
Deborah Butler	Deputy Mayor	\$ 15,000.00	A
Michael Moscatiello	Committeeman	\$ 15,000.00	A
William Quackenboss	Committeeman	\$ 15,000.00	A
Louis DeLorenzo	Committeeman	\$ 15,000.00	A
Cindy Dye	Township Clerk, Registrar of Vital Statistics & Improvement Search Clerk, Deputy Tax Collector	\$ 20,000.00	A
John A. Bruno, Jr	Treasurer & Chief Financial Officer	\$ 85,000.00	A
Maryalice Picariello	Tax Collector	\$100,000.00	A
Lois F. Downey	Judge of Municipal Court	\$ 15,000.00	A
Carol Rossell	Court Administrator	\$ 15,000.00	A
Susan Willever	Deputy Court Administrator	\$ 15,000.00	A
Christine Cass-Edwards	Deputy Court Administrator	\$ 15,000.00	A
Mark Keubler	Police Chief	\$ 15,000.00	A
Donald Kosul	Tax Assessor	\$ 15,000.00	A
Remington Vernick & Arango	Engineer		
Mark Roselli, Esq.	Solicitor		

(A) Selective Insurance Company

All of the Bonds were examined and were properly executed.

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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To the Honorable Mayor and  
Members of the Township Committee  
Township of North Hanover  
North Hanover, New Jersey 08060

We have audited the financial statements and transactions of the Township of North Hanover in the County of Burlington for the year ended December 31, 2013. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### GENERAL COMMENTS

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

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

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

#### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials

**Contracts and Agreements Requiring Solicitation of Quotations (continued):**

or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (N.J.S.A.40A:11-6.1).

**Collection of Interest on Delinquent Taxes**

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

The governing body on January 4, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**"BE IT RESOLVED** by the Township Committee of the Township of North Hanover, County of Burlington, State of New Jersey, the rate of interest charged on delinquent taxes or assessments on any installment made ten (10) days after the date upon which the same became payable, shall not exceed eight (8) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).

**BE IT FURTHER RESOLVED**, that where interest on delinquent tax payments is one dollar (\$1.00) or less, payment and collection of said interest is hereby waived."

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

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2013 included 2013 real estate taxes and the amounts included in the arrears register.

There was a tax sale held on October 18, 2013 and was complete.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2013	12
2012	12
2011	8

**Deductions From Taxes**

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.



### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The following deficiencies were noted in the current year audit:

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### **Municipal Court**

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the Municipal Court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

### **Fixed Assets**

#### **\*Finding 2013-01:**

An analysis of fixed assets, additions and deletions, is not being maintained and updated on a yearly basis as required by Technical Accounting Directive 85-2.

#### **Recommendation:**

That an analysis of fixed assets be maintained and updated on a yearly basis.

#### **Management's Response:**

This will be corrected in 2014.

#### **\*Prior Year Findings**

#### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year findings. The previous year's audit findings have been corrected with the exception of the ones marked above with an asterisk (\*).

**Acknowledgment**

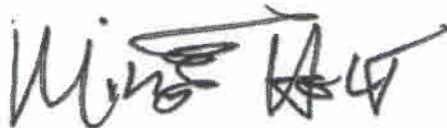
We received the complete cooperation of all the staff of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

The problems and weaknesses noted in our review were of such magnitude that they did affect our ability to express an unqualified opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**

A handwritten signature in black ink, appearing to read "Michael Holt". The signature is stylized with a large initial "M" and a long horizontal stroke extending to the right.

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

Medford Office  
May 8, 2014