

**TOWNSHIP OF NORTH HANOVER**  
**AUDIT REPORT FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

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

### **Report on the Financial Statements**

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of North Hanover Township, County of Burlington, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting 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.

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 1 to the financial statements, North Hanover Township prepares its financial statements using 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” 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 North Hanover Township, County of Burlington, State of New Jersey, as of December 31, 2016 and 2015, 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 of North Hanover Township, County of Burlington, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 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**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules 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 basic 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 as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017, on our consideration of North Hanover Township'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 North Hanover Township's internal control over financial reporting and compliance.

Respectfully submitted,

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

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

June 21, 2017  
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***

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

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-regulatory basis of North Hanover Township (herein referred to as “the Township”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated June 21, 2017. Our report indicated that the Township’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify a certain deficiency in internal control, described in the accompanying comments and recommendations section as 2016-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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 is 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.

The Township of North Hanover's responses to the findings identified in our audit are described in the accompanying comments and recommendations section. We did not audit the Township of North Hanover's response and, accordingly, we express no opinion.

## **Purpose of this Report**

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

Respectfully submitted,

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

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

June 21, 2017  
Medford, New Jersey

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
<b>Regular Fund:</b>			
Cash - Treasurer	A-4	\$ 1,217,478	\$ 1,083,650
Petty Cash	A	100	100
Change Funds	A-6	550	550
<b>Total</b>		<b>1,218,128</b>	<b>1,084,300</b>
<b>Receivables &amp; Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-8	159,737	136,211
Tax Title Liens Receivable	A-9	21,699	19,915
Property Acquired for Taxes - (Assessed Valuation)	A-18	29,710	200,010
Revenue Accounts Receivable	A-10	7,717	6,501
Due from Animal Control Trust	B	4,246	2,076
Due from Trust Other Fund	B	26,340	12,049
<b>Total Receivable &amp; Other Assets With Full Reserves</b>		<b>249,448</b>	<b>376,762</b>
<b>Deferred Charges To Future Taxation:</b>			
Special Emergency Authorizations N.J.S.A. 40A:4-53	A-3	12,800	-
Emergency Authorization N.J.S.A. 40A:4-48	A-3	26,500	-
Overexpenditure of Appropriation Reserves	A-11	7,861	-
<b>Total</b>		<b>47,162</b>	<b>-</b>
<b>Total Regular Fund</b>		<b>1,514,738</b>	<b>1,461,062</b>
<b>Federal &amp; State Grant Fund:</b>			
Due from Trust Other Fund	B	6,541	6,541
Due from Current Fund	A	2,808	7,871
Federal & State Grants Receivable	A-20	270,001	240,000
<b>Total Federal &amp; State Grants</b>		<b>279,350</b>	<b>254,412</b>
		<b>\$ 1,794,088</b>	<b>\$ 1,715,474</b>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 77,155	\$ 52,333
Accounts Payable	A	4,709	4,709
Reserve for Encumbrances	A-3	38,770	29,948
Prepaid Taxes	A-12	126,828	108,888
Tax Overpayments	A-13	6,639	6,042
Due County for Added & Omitted Taxes	A-15	18,680	16,433
Local School Tax Payable	A-16	27,053	-
Regional School Tax Payable	A-17	116,608	80,213
Due To State of New Jersey - Senior Citizen & Veteran Deductions	A-7	2,201	951
Due To State of New Jersey - Marriage License Fees	A-4	250	-
Due To State of New Jersey - DCA Training Fees	A-4	2,000	-
Reserve for Preparation of Master Plan	A	810	810
Reserve for JIF Safety Program	A-4	599	1,868
Reserve for Revaluation	A	8,471	8,471
Reserve for Codification of Ordinances	A-4	7,680	-
Reserve for Insurance Recoveries	A-4	258	-
Due to Other Trust Fund - Municipal Open Space	A-19, B	31,356	31,356
Due to Federal & State Grant Fund	A	2,808	7,871
		472,876	349,893
Total Liabilities			
Reserve for Receivables & Other Assets	A	249,448	376,762
Fund Balance	A-1	792,414	734,407
		1,514,738	1,461,062
Total Regular Fund			
State & Federal Grants:			
Encumbrance Payable	A-22	19,051	600
Reserve for Federal & State Grants:			
Unappropriated	A-21	29,599	16,436
Appropriated	A-22	230,700	237,377
		279,350	254,412
Total State & Federal Grants			
		\$ 1,794,088	\$ 1,715,474
Total Liabilities, Reserves & Fund Balance		\$ 1,794,088	\$ 1,715,474

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 510,000	\$ 515,250
Miscellaneous Revenue Anticipated	1,792,959	1,556,617
Receipts From Delinquent Taxes	70,276	138,322
Receipts from Current Taxes	8,743,769	8,680,053
Nonbudget Revenues	136,365	85,901
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	44,075	38,551
Other Credits	-	3,225
Interfunds Liquidated	-	55,656
	11,297,444	11,073,575
 Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,046,255	1,056,499
Other Expenses	1,205,060	1,195,551
Deferred Charges & Statutory Expenditures - Municipal	258,488	240,852
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	163,126	143,250
Other Expenses	101,995	88,782
Municipal Debt Service	334,256	295,526
Capital Improvements	175,000	185,000
County Taxes	1,709,604	1,661,419
Due County for Added and Omitted Taxes	18,680	16,433
Local District School Taxes	2,759,436	2,613,052
Regional School Taxes	2,963,284	2,851,911
Municipal Open Space Tax	-	213,183
Refund of Prior Year Revenue	19,013	-
Prior Year Deductions Disallowed by Collector	250	-
Interfunds - Advanced	14,291	9,015
	10,768,737	10,570,473
Total Expenditures		
Excess in Revenue	528,707	503,102
 Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budgets of Succeeding Years	39,300	-
Expenditures Included Above Which Were Funded		
By a Current Year Capital Ordinance (2015-04)	-	90,700
	39,300	90,700
Statutory Excess to Fund Balance	568,007	593,802
Fund Balance January 1	734,407	655,855
 Total	1,302,414	1,249,657
Decreased by:		
Utilized as Anticipated Revenue	510,000	515,250
Fund Balance December 31	\$ 792,414	\$ 734,407

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, 2016**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 510,000	\$ -	\$ 510,000	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	3,000	-	4,452	1,452
Other	14,000	-	14,222	222
Fees & Permits	195,000	-	203,054	8,054
Fines & Costs:				
Municipal Court	80,000	-	104,368	24,368
Interest on Costs & Taxes	30,000	-	34,387	4,387
Interest on Investments & Deposits	426	-	3,903	3,477
Summer Recreation Program - North Hanover				
Board of Education	10,800	-	10,800	-
Communication Leases - Cable/Tower	36,405	-	39,498	3,093
Energy Tax Receipts	765,714	-	765,714	-
Uniform Construction Code Fees	37,500	-	284,849	247,349
Wrightstown Court Fees	8,000	-	15,295	7,295
Transfer of Reserves from Municipal Open				
Space Trust for Debt Service	88,836	-	88,836	-
Interlocal Service Agreement:				
Chesterfield Court Fees	120,000	-	149,583	29,583
School Resource Officer - BOE Reimbursement	19,000	-	11,400	(7,600)
Public & Private Revenues Offset with Appropriations:				
Clean Communities Program	16,319	-	16,319	-
Safe & Secure Communities Program	30,000	-	30,000	-
Drunk Driving Enforcement Fund	-	16,280	16,280	-
Total Revenues	1,455,000	16,280	1,792,959	321,680
Receipts from Delinquent Taxes	120,000	-	70,276	(49,724)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,381,608	-	1,514,530	132,921
Budget Totals	3,466,608	16,280	3,887,765	404,877
Nonbudget Revenues	-	-	136,365	136,365
Total	\$ 3,466,608	\$ 16,280	\$ 4,024,130	\$ 541,242

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 8,743,769
Allocated to School, County & Local Open Space Taxes	<u>7,451,004</u>
Balance of Support of Municipal Budget Appropriations	1,292,765
Add: Appropriation "Reserve for Uncollected Taxes"	<u>221,764</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,514,530</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 53,938
Tax Title Lien Collections	<u>16,338</u>
	<u><u>\$ 70,276</u></u>
Fees & Permits - Other:	
Fees & Permits	\$ 866
Community Center	200
Dump Fees	46,968
Gun Permit	2,208
Land Use Application	2,875
Zoning Permits	860
Mobile Home Fees	<u>149,077</u>
Total	<u><u>\$ 203,054</u></u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 14,484
Inspection of Motor Vehicles	2,933
Administrative Fee for Senior Citizens/Veterans and Homestead Rebates	1,057
Cable Franchise Fee	23,511
Outside Police	40,991
Hotel/Motel Licenses	5,931
Sale of Solar Renewable Energy Credits	9,765
FEMA Reimbursements	<u>37,693</u>
Total	<u><u>\$ 136,365</u></u>

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	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	\$ 25,000	\$ 25,000	\$ 24,995	\$ -	\$ 5	\$ -	
Other Expenses	2,825	2,825	2,569	94	162	-	
Municipal Clerk:							
Salaries and Wages	53,100	53,100	52,152	-	948	-	
Other Expenses	7,745	12,245	12,089	32	124	-	
Financial Administration:							
Salaries and Wages	62,231	64,931	64,916	-	15	-	
Other Expenses	19,505	22,705	20,918	590	1,197	-	
Code of Conduct Ordinances							
Audit Services:							
Other Expenses	30,000	30,000	30,000	-	-	-	
Collection of Taxes:							
Salaries and Wages	31,900	33,001	33,000	-	1	-	
Other Expenses	6,648	8,648	8,351	290	7	-	
Assessment of Taxes:							
Salaries and Wages	24,350	24,750	24,745	-	5	-	
Other Expenses	4,500	5,100	4,786	274	40	-	
Legal Services & Costs:							
Other Expenses	17,170	32,170	31,476	-	694	-	
Engineering Services & Costs:							
Other Expenses	14,500	32,800	28,468	3,071	1,260	-	
Municipal Land Use Law (N.J.S. 40:55D-1):							
Planning & Zoning Board:							
Salaries and Wages	625	3,125	2,989	-	136	-	
Other Expenses	8,850	6,350	5,645	112	593	-	
Zoning Officer:							
Other Expenses	775	775	75	-	700	-	
Mobile Home Inspector:							
Other Expenses	200	200	140	60	-	-	
<b>INSURANCE:</b>							
Other Insurance Premiums	61,000	55,000	53,088	-	1,912	-	
Worker's Compensation Insurance	108,500	104,700	104,661	-	39	-	
Group Insurance Plan for Employees	289,047	287,047	274,725	-	12,322	-	
Medical Option Out Payments	5,000	5,000	5,000	-	-	-	
<b>PUBLIC SAFETY:</b>							
Police:							
Salaries and Wages	649,610	634,610	633,657	-	953	-	
Other Expenses	74,850	74,850	68,388	6,418	44	-	

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - WITHIN "CAPS"</b>							
Emergency Management Service:							
Other Expenses	1,250	1,700	1,691	-	9	-	-
Salaries and Wages	4,100	4,100	4,053	-	47	-	-
Aid to Volunteer Fire Company:							
Jacobstown Volunteer Fire Company	59,100	49,300	35,604	7,313	6,383	-	-
Municipal Prosecutor:							
Salaries and Wages	2,600	2,710	2,706	-	4	-	-
Other Expenses	5,000	5,000	4,875	125	-	-	-
<b>PUBLIC WORKS FUNCTIONS</b>							
Public Works:							
Salaries and Wages	-	26,500	22,706	3,794	-	-	-
Other Expenses	145,746	130,246	127,125	2,800	321	-	-
Sanitation:							
Waste Facility:							
Salaries and Wages	27,310	28,160	28,143	-	17	-	-
Other Expenses	27,200	28,400	26,172	90	2,138	-	-
Recycling:							
Other Expenses	100	100	70	-	30	-	-
Public Buildings & Grounds:							
Salaries and Wages	19,700	15,100	14,642	-	458	-	-
Other Expenses	36,550	43,550	43,500	-	50	-	-
Vehicle Maintenance:							
Other Expense	38,000	34,500	30,849	-	3,651	-	-
<b>HEALTH &amp; HUMAN SERVICES</b>							
Board of Health:							
Other Expenses	50	50	-	-	50	-	-
Dog Regulation:							
Salaries and Wages	250	50	-	-	50	-	-
Other Expenses	1,000	1,200	1,200	-	-	-	-
<b>PARKS &amp; RECREATION FUNCTIONS:</b>							
Parks & Playgrounds:							
Salaries and Wages	27,500	23,100	23,090	-	10	-	-
Other Expenses	26,871	25,549	19,951	1,531	4,068	-	-
Celebration of Public Events:							
Other Expenses	7,000	7,000	6,779	-	221	-	-
<b>UTILITY EXPENSES &amp; BULK PURCHASES:</b>							
Electricity	22,800	22,800	14,858	2,962	4,980	-	-
Street Lighting	27,000	27,000	26,387	613	1	-	-
Telephone	17,400	17,400	16,500	891	9	-	-
Gas	7,000	7,000	3,631	501	2,868	-	-
Fuel Oil	1,700	1,700	521	-	1,179	-	-
Gasoline	35,500	28,700	25,365	-	3,335	-	-

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>OPERATIONS - WITHIN "CAPS"</b>						
Municipal Court:						
Salaries and Wages	57,300	59,300	57,261	155	1,884	-
Other Expenses	7,100	7,100	4,551	125	2,423	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>						
Landfill Tipping Fees						
Other Expenses	41,000	41,000	37,802	2,656	541	-
<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	74,168	79,318	78,924	-	394	-
Other Expenses	1,950	1,950	1,616	330	4	-
Total Operations Within "CAPS	2,220,176	2,251,315	2,160,206	34,828	56,281	-
Detail:						
Salaries and Wages	1,055,644	1,046,255	1,041,220	155	4,880	-
Other Expenses	1,164,532	1,205,060	1,118,986	34,673	51,401	-
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	31,989	32,239	32,226	-	13	-
Social Security System (O.A.S.I)	86,000	86,000	84,452	-	1,548	-
Police & Fireman's Retirement System	123,538	133,249	133,249	-	0	-
Unemployment Compensation Insurance	7,800	6,000	5,841	-	159	-
Defined Contribution Retirement Program	1,000	1,000	860	-	140	-
Total Statutory Expenditures	250,327	258,488	256,628	-	1,860	-
Total General Appropriations Within "CAPS"	2,470,503	2,509,803	2,416,834	34,828	58,141	-
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>						
Public Assistance	100	100	-	-	100	-
Recycling Tax Appropriations:						
Recycling Tax	4,153	4,153	4,153	-	-	-
Group Insurance Plan for Employees	4,800	4,800	3,671	294	835	-
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>						
Municipal Court:						
Salaries and Wages	97,881	97,881	87,627	345	9,909	-
Other Expenses	15,440	15,440	7,092	179	8,170	-

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, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
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	11,375	3,125	-	-
<b>PUBLIC &amp; PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:</b>						
Clean Communities Program	16,319	16,319	16,319	-	-	-
Drunk Driving Enforcement Fund	-	16,280	16,280	-	-	-
Safe & Secure Communities Program:						
State Share	30,000	30,000	30,000	-	-	-
Township Share	35,245	35,245	35,245	-	-	-
<b>Total Operations</b>	<b>248,841</b>	<b>265,121</b>	<b>242,164</b>	<b>3,943</b>	<b>19,014</b>	<b>-</b>
<b>Total Operations Including Contingent</b>	<b>248,841</b>	<b>265,121</b>	<b>242,164</b>	<b>3,943</b>	<b>19,014</b>	<b>-</b>
<b>Detail:</b>						
Salaries and Wages	163,126	163,126	152,872	345	9,909	-
Other Expenses	85,715	101,995	89,292	3,598	9,105	-
<b>Capital Improvements:</b>						
Capital Improvement Fund	175,000	175,000	175,000	-	-	-
<b>Total Capital Improvements</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Municipal Debt Service:</b>						
Payment of Bond Principal	155,000	155,000	155,000	-	-	-
Payment of Bond Anticipation & Capital Notes	126,000	126,000	126,000	-	-	-
Interest on Bonds	31,500	31,500	31,330	-	-	170

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - EXCLUDED FROM "CAPS"						
Interest on Notes	38,000	38,000	21,926	-	-	16,074
Total Municipal Debt Service	350,500	350,500	334,256	-	-	16,244
Total General Appropriations for Municipal Services Excluded from "CAPS"	774,341	790,621	751,420	3,943	19,014	16,244
Subtotal General Appropriations	3,244,844	3,300,424	3,168,255	38,770	77,155	16,244
Reserve for Uncollected Taxes	221,764	221,764	221,764	-	-	-
Total General Appropriations	\$ 3,466,608	\$ 3,522,188	\$ 3,390,019	\$ 38,770	\$ 77,155	\$ 16,244
Emergency Appropriation N.J.S.A. 40A:4-48		\$ 26,500				
Special Emergency N.J.S.A. 40A:4-53		12,800				
C.159 Amendments		16,280				
Original Budget		3,466,608				
Total	\$	\$ 3,522,188				
Reserve for State & Federal Grants Appropriated			\$ 97,843			
Reserve for Uncollected Taxes			221,764			
Refunds			(49,930)			
Cash Disbursed			3,120,341			
Total	\$	\$ 3,390,019				

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

**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Trust Fund:			
Cash	B-1	\$ 11,494	\$ 8,143
Total Animal Control Trust Fund		<u>11,494</u>	<u>8,143</u>
Other Funds:			
Cash - Treasurer	B-1	1,480,963	1,333,251
Cash - Collector	B-2	149,466	95,600
Due from Bank	B	235	235
Due from Municipal Court	B	7,579	7,579
Accounts Receivable - Police	B	13,803	-
Due from Current Fund - Municipal Open Space	A	<u>31,356</u>	<u>31,356</u>
Total Other Funds		<u>1,683,402</u>	<u>1,468,021</u>
Total Assets		<u>\$ 1,694,895</u>	<u>\$ 1,476,164</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 7,243	\$ 6,062
Due to Current Fund	A	4,246	2,076
Due to State	B	<u>5</u>	<u>5</u>
Total Animal Control Trust Fund		<u>11,494</u>	<u>8,143</u>
Other Funds:			
Due to Current Fund	B-3,A	26,340	12,049
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Escrow Deposits	B-6	564,467	130,263
Reserve for Affordable Housing	B-7	108,810	131,690
Reserve for Payroll Deductions	B-8	22,589	10,198
Reserve for Recreation	B-9	117,389	99,026
Reserve for Public Defender Fee	B-11	6,165	1,862
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	125,200	95,600
Reserve for Tax Title Liens	B-2	24,266	-
Reserve for Ambulance Fund Contributions	B-12	465	465
Reserve for Municipal Open Space	B-5	667,987	964,627
Reserve for Outside Police	B	-	2,516
Reserve for County Fair	B-10	7,545	7,545
Reserve for POAA	B	26	26
Reserve for Program Income - Municipal Alliance	B	682	682
Reserve for Unallocated Receipts	B	1,025	1,025
Reserve for Police	B-15	<u>950</u>	<u>950</u>
Total Other Funds		<u>1,683,402</u>	<u>1,468,021</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,694,895</u>	<u>\$ 1,476,164</u>

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

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash	C-1	\$ 819,299	\$ 3,535,302
Accounts Receivable	C-2	2,306	2,306
DOT Grant Receivable	C-2	18,811	18,811
Burlington County Parks Grant Receivable	C-9	105,000	-
Deferred Charges to Future Taxation - Funded	C-3	525,000	680,000
Deferred Charges to Future Taxation - Unfunded	C-4	6,636,570	4,121,570
		<u>\$ 8,106,986</u>	<u>\$ 8,357,989</u>
Total Assets			
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-8	\$ 525,000	\$ 680,000
Bond Anticipation Notes	C-7	3,962,750	4,088,750
Capital Improvement Fund	C-6	56,061	20,061
Improvement Authorizations:			
Funded	C-5	47,053	141,866
Unfunded	C-5	3,288,149	3,359,956
Reserve for:			
Capital Surplus	C-2	592	592
Encumbrances Payable	C-2	44,025	16,624
Payment of Debt Service (BAN's)	C-2	28,486	270
Fire Equipment	C-2	49,370	49,370
Acquisition of Land	C-2	500	500
Burlington County Parks Grant Receivable	C	105,000	-
		<u>\$ 8,106,986</u>	<u>\$ 8,357,989</u>
Total Liabilities, Reserves & Fund Balance			

There were bonds and notes authorized but not issued on December 31, 2016 of \$2,673,820 and on December 31, 2015 was \$32,820.

**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
Land & Land Improvements	\$ 2,422,656	\$ 2,422,656
Buildings	1,017,099	1,017,099
Vehicles	1,959,890	1,959,890
Machinery & Equipment	885,113	885,113
Total	\$ 6,284,758	\$ 6,284,758
FUND BALANCE		
Investment in General Fixed Assets	\$ 6,284,758	\$ 6,284,758

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**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## TOWNSHIP OF NORTH HANOVER

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### 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, as amended by GASB Statements No. 39 and 61

**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, 2016

#### 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, 2016

#### **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, 2016

#### **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, 2015 and decreased by the amount deferred at December 31, 2016.

**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, 2016

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

**Expenditures** – 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.

#### **Impact of Recently Issued Accounting Principles**

##### Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township’s financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township’s financial statements.

## TOWNSHIP OF NORTH HANOVER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

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

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

#### Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*,

## TOWNSHIP OF NORTH HANOVER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

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

*as amended.* This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

**Subsequent Events** - The Township of North Hanover has evaluated subsequent events occurring after December 31, 2016 through the date of June 21, 2017, which is the date the financial statements were available to be issued.

#### **Note 2. Cash and Cash Equivalents**

##### **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

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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 funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Township's bank balance of \$3,770,629 was insured or collateralized as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	534,573
Collateralized in the District's Name Under GUDPA	<u>2,986,056</u>
Total	<u>\$3,770,629</u>



**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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**

	2016	2015	2014
Total Tax Rate	<u>\$2.073</u>	<u>\$2.073</u>	<u>\$1.952</u>
Apportionment of Tax Rate:			
Municipal	0.324	0.305	0.266
Municipal Open Space	0.000	0.049	0.049
County	0.332	0.326	0.321
County Library	0.031	0.031	0.030
County Open Space	0.040	0.039	0.014
Local School	0.649	0.641	0.600
Regional School	0.697	0.682	0.672

**Net Valuation Taxable:**

2016	<u>\$ 425,310,682</u>		
2015		<u>\$ 422,232,797</u>	
2014			<u>\$ 420,203,797</u>

**Comparison of Tax Levies and Collection Currently**

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 8,915,831	\$ 8,743,769	98.07%
2015	8,839,494	8,680,053	98.20%
2014	8,391,571	8,227,574	98.05%

**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
2016	\$ 21,699	\$ 159,737	\$ 181,436	2.03%
2015	19,915	136,211	156,126	1.77%
2014	66,173	129,291	195,464	2.33%

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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
2016	\$ 29,710
2015	200,010
2014	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
<b>CURRENT FUND:</b>			
2016	\$ 792,414	\$ 410,000	51.74%
2015	734,407	510,000	69.44%
2014	655,855	515,250	78.56%
2013	486,531	462,750	95.11%
2012	561,259	335,000	59.69%

**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, 2016:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 30,586	\$ 34,164
State & Federal Grant Fund	9,349	-
Animal Control Fund	-	4,246
Other Trust Fund	<u>31,356</u>	<u>32,881</u>
<b>Total</b>	<u>\$ 71,291</u>	<u>\$ 71,291</u>

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, 2016

Note 7. Pension Obligations

A. Public Employees' Retirement System (PERS)

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Components of Net Pension Liability** - At December 31, 2016, the Municipality reported a liability of \$1,554,558.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .00528%, which was an increase of .00126% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	615,572	117,518
Deferred Inflows of Resources	223,247	301,720
Net Pension Liability	1,554,558	895,380
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.00525%	0.00399%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 28,910	\$ -
Changes of Assumptions	322,021	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	59,277	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	205,364	223,247
	\$ 615,572	\$ 223,247

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>PERS</u></b>
2017	\$	66,559
2018		66,558
2019		78,519
2020		98,393
2021		82,296
	\$	392,325

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's



**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**A. Public Employees' Retirement System (PERS) (continued):**

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
---------------------	--------------------------	---------------------

Municipality's proportionate share of the

Net Pension Liability and the State's

Proportionate Share of the Net Pension

Liability associated with the Municipality	\$ 1,904,929	\$	1,554,558	\$	1,265,296
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**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$88,062 for 2016.

The employee contributions for PFRS are 10.00% of employees’ annual compensation, as defined.

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Municipality’s proportionate share of the PFRS net pension liability is valued to be \$2,063,198. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality’s proportion of the net pension liability was based on the Municipality’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2016. The Municipality’s proportion measured as of June 30, 2016, was .01080%, which was a decrease of .00440% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	434,051	472,143
Deferred Inflows of Resources	560,778	120,333
Net Pension Liability	2,063,198	2,531,476
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.01080%	0.01520%

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 13,525
Changes of Assumptions	285,770	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	144,564	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	3,717	547,253
	\$ 434,051	\$ 560,778

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

<b>Year Ending Dec 31,</b>	<b>PFRS</b>
2017	\$ 919
2018	918
2019	49,552
2020	(17,374)
2021	(160,742)
	\$ (126,727)

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the net pension liability attributable to the Municipality is \$173,257 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State’s proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2016 was .01080%, which was a decrease of .00440% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality’s.

Municipality's Proportionate Share of the Net Pension Liability	\$	2,063,198
State's Proportionate Share of the Net Pension Liability Associated with the Municipality		173,257
Total Net Pension Liability	\$	2,236,455

For the year ended December 31, 2016, the Municipality’s total allocated pension expense was \$98,301.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

		<u><b>PFRS</b></u>
Inflation		3.08%
Salary Increases:		
Through 2026	2.10% - 8.98% Based on Age	
Thereafter	3.10% - 9.98% Based on Age	
Investment Rate of Return		7.65%
Mortality Rate Table		RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2010 - June 30, 2013	

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

**Discount Rate** - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
---------------------	--------------------------	---------------------

Municipality's proportionate share of the  
Net Pension Liability and the State's

Proportionate Share of the Net Pension

Liability associated with the Municipality	\$ 2,660,343	\$ 2,063,198	\$ 1,576,263
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**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial statements.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

**Note 8. Capital Debt**

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Obligation Bonds	\$ 680,000	\$ -	\$ (155,000)	\$ 525,000	\$ 170,000
Bond Anticipation Notes	4,088,750	3,962,750	(4,088,750)	3,962,750	3,962,750
Net Pension Liability - PERS	895,380	659,178	-	1,554,558	-
Net Pension Liability - PFRS	2,531,476	-	(468,278)	2,063,198	-
Compensated Absences	11,927	5,664	-	17,591	-
Authorized But Not Issued	32,820	2,641,000	-	2,673,820	-
<b>Total</b>	<b>\$ 8,240,353</b>	<b>\$ 7,268,592</b>	<b>\$ (4,712,028)</b>	<b>\$ 10,796,917</b>	<b>\$ 4,132,750</b>

**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 1.715%:

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District Debt	\$ 2,254,162	\$ 2,254,162	\$ -
General Debt	7,161,570	105,000	7,056,570
<b>Total</b>	<b>\$ 9,415,732</b>	<b>\$ 2,359,162</b>	<b>\$ 7,056,570</b>

Net Debt \$7,056,570 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$411,373,974 equals 1.715%.

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

3½% of Equalized Valuation Basis (Municipal)	\$14,398,089
Net Debt	<u>7,056,570</u>
Remaining Borrowing Power	<u>\$ 7,341,519</u>



**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 170,000	\$ 22,880	\$ 192,880
2018	175,000	13,910	188,910
2019	180,000	4,680	184,680
Total	<u>\$ 525,000</u>	<u>\$ 41,470</u>	<u>\$ 566,470</u>

**Bond Anticipation Notes (See Exhibit C-7) – Notes mature April 26, 2017 @ 2.00%.**

<u>December 31, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31, 2016</u>
<u>\$ 4,088,750</u>	<u>\$ 3,962,750</u>	<u>\$ 4,088,750</u>	<u>\$ 3,962,750</u>

**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:

	<b>Balance December 2016</b>	<b>Balance December 2015</b>
Local School Taxes:		
Balance of Tax	\$ 1,379,697	\$ 1,352,644
Deferred	1,352,644	1,352,644
	<u>\$ 27,053</u>	<u>\$ -</u>
Taxes Payable		
Regional School Taxes:		
Balance of Tax	\$ 1,557,678	\$ 1,521,283
Deferred	1,441,070	1,441,070
	<u>\$ 116,608</u>	<u>\$ 80,213</u>
Taxes Payable		

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 10. Accounts Receivable**

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>Current Fund</b>	<b>State &amp; Federal Grant Fund</b>	<b>Trust Other Fund</b>	<b>General Capital Fund</b>	<b>Total</b>
State Aid	\$ -	\$ 268,699	\$ -	\$ 18,811	\$ 287,510
Federal Aid	-	1,202	-	-	1,202
Taxes	211,145	-	-	-	211,145
Other	7,717	100	21,617	107,306	136,740
<b>Total</b>	<b>\$ 218,862</b>	<b>\$ 270,001</b>	<b>\$ 21,617</b>	<b>\$ 126,117</b>	<b>\$ 636,597</b>

**Note 11. 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 12. 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, 2013, 2014 and 2015 a rate of five cents (.049) 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. During 2015, the Township raised an open space tax levy after the sunset period of the original ordinance had passed. In 2016, credits were given to the taxpayers on the August 2016 billings.

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

Municipal Open Space Tax Revenue	\$ 2,688,064
Interest Earned	42,499
Debt Paid To Date	(1,573,730)
Funding of Credits Due Taxpayers	(208,692)
Paid Fees for Professional Services	(49,891)
Open Space Purchases	(230,263)
<b>Total</b>	<b>\$ 667,987</b>

## TOWNSHIP OF NORTH HANOVER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

#### **Note 13. 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.

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, 2016 and 2015 were \$274,725 and \$223,286 respectively.

#### **Note 14. Self-Insurance**

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Township is a member of the Burlington County Municipal Joint Insurance Fund ("JIF"). The Joint Insurance pool is a public entity risk pool currently operating as a common risk management and insurance program for municipalities

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 14. Self-Insurance (continued):**

established for the purpose of insuring against property damage, general liability, motor vehicle equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payments of the Fund's obligations, no such additional premiums have been necessary as of December 31, 2016. The JIF is expected to be self-sustaining through member premiums, reported as expenditures in the Township's financial statements and liabilities are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program which has a contract for excess liability for property. The Township is not aware of any claims pending that have a demand in excess of this coverage.

**Note 15. Compensated Absences**

The Township of North Hanover does not compensate all employees for unused sick leave upon termination or retirement. Only Township police officers are compensated. The current policy provides for one week of sick and vacation time to be carried over into the new year by police officers. Per the police contract, any days carried over must be used by July 1<sup>st</sup> of that year.

At December 31, 2016, accrued benefits for compensated absences are valued at \$17,591.

**Note 16. Subsequent Events – Bond Ordinance**

During May of 2017, the Township approved three new bond ordinances. Ordinance 2017-05 was approved providing for acquisition of an ambulance for a total of \$102,000 and authorizing the issuance of debt in the amount of \$23,000 in bonds or notes. Ordinance 2017-06 was approved providing for road improvements totaling \$450,000 and authorizing the issuance of debt totaling \$32,300 in bonds or notes and expecting a NJ DOT grant in the amount of \$416,000. Ordinance 2017-04 was approved providing for various capital improvements of the Township totaling \$156,000 and authorizing the issuance of debt in the amount of \$148,200 in bonds or notes.

**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, 2016**

	<u>CURRENT</u>	<u>FEDERAL &amp; STATE GRANT FUNDS</u>
Balance December 31, 2015	\$ 1,083,650	\$ -
Increased by Receipts:		
Tax Collector	\$ 8,492,194	\$ -
Homestead Rebate	116,218	-
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	44,250	-
Due from Open Space	208,692	-
Due from Interfunds	95,328	39,708
Miscellaneous Revenue Not Anticipated	136,365	-
State Training and License Fees	18,777	-
Various Reserves	45,093	-
Revenue Accounts Receivable	1,695,973	-
Refunds	49,930	-
Unappropriated Grants	-	29,482
Federal & State Grants Receivable	-	16,280
	<u>10,902,820</u>	<u>85,469</u>
Total Increases		
	<u>11,986,470</u>	<u>85,469</u>
Decreased by Disbursements:		
2016 Budget Appropriations	3,120,341	-
2015 Appropriation Reserves	46,067	-
Tax Overpayments - Refunds	6,008	-
County Taxes	1,709,604	-
County Share of Added & Omitted Taxes	16,433	-
Local District School Tax	2,732,383	-
Regional School Taxes	2,926,888	-
Various Reserves	41,473	-
Reserve for Codification of Ordinances	5,120	-
Due State - DCA Training Fees	15,802	-
Due State - Marriages License Fees	725	-
Due to Interfunds	148,148	-
Reserve for Federal & State Grant Funds - Appropriated	-	85,469
	<u>10,768,992</u>	<u>85,469</u>
Total Disbursements		
Balance December 31, 2016	<u>\$ 1,217,478</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, 2016**

Balance December 31, 2015		\$	-
Increased by:			
Taxes Receivable	\$	8,386,630	
Tax Title Liens Redeemed		16,338	
Interest & Costs on Taxes		34,387	
Prepaid Taxes		54,839	8,492,194
Subtotal			8,492,194
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			8,492,194
Balance December 31, 2016		\$	<u>-</u>

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

OFFICE		AMOUNT	
Tax Collector	\$	50	
Municipal Court		300	
Construction Official		50	
Township Clerk		150	
Total	\$	550	<u>-</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, 2016**

Balance December 31, 2015		\$ (951)
Increased by:		
Senior Citizen & Veteran Deductions per Tax Billing	\$ 43,500	
Deductions Disallowed by Tax Collector - 2016 Taxes	(250)	
Deductions Disallowed by Tax Collector - Prior Year Taxes	(250)	
	<u>43,000</u>	
Subtotal		42,049
Decreased by:		
Collections		<u>44,250</u>
Balance December 31, 2016		<u><u>\$ (2,201)</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTIONS		DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2016
				2015	2016					
Arrears 2014	\$ 10,827	\$ -	\$ -	\$ -	\$ -	\$ -	311	\$ -	\$ -	\$ 10,516
2015	-	-	-	-	-	-	32,630	(32,630)	-	-
	125,385	-	-	121,220	(250)		34,652	(34,652)	4,415	-
<b>Total</b>	136,212	-	-	121,220	(250)		67,593	(67,282)	4,415	10,516
2016	-	8,816,691	99,140	108,888	8,601,782	43,250	17,019	(10,151)	5,823	149,221
<b>Balance</b>	\$ 136,212	\$ 8,816,691	\$ 99,140	\$ 108,888	\$ 8,723,001	\$ 43,000	\$ 84,611	\$ (77,433)	\$ 10,239	\$ 159,737

**ANALYSIS OF 2016 PROPERTY TAX LEVY**

<b>Tax Yield:</b>	
General Purpose Tax	\$ 8,816,691
Added & Omitted Taxes (54:4-63.1 et seq.)	99,140
<b>Total</b>	<u>\$ 8,915,831</u>
<b>Tax Levy:</b>	
Regional School Tax	\$ 2,963,284
Local District School Tax	2,759,436
County Taxes:	
County Tax	\$ 1,410,482
County Library Tax	131,197
Open Space	167,924
Due County:	
Added & Omitted Taxes (R.S. 54:4-63.1 et seq)	<u>18,680</u>
<b>Total County Taxes</b>	<u>1,728,284</u>
Local Tax for Municipal Purpose	1,381,608
Add: Additional Tax Levied	83,219
<b>Local Tax for Municipal Purposes Levied</b>	<u>1,464,828</u>
<b>Total</b>	<u>\$ 8,915,831</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	19,915
Increased by:			
Interest & Costs on Taxes	\$	873	
Adjustment		7,010	
Transfer from Taxes Receivable		10,239	
		18,122	
Subtotal			38,037
Decreased by:			
Liens Redeemed		16,338	
		16,338	
Balance December 31, 2016		\$	21,699

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2016
Licenses:				
Alcoholic Beverages	\$ -	\$ 4,452	\$ 4,452	\$ -
Other	-	14,222	14,222	-
Fees & Permits	-	203,054	203,054	-
School Resource Officer - BOE				
Reimbursement	-	11,400	11,400	-
State of New Jersey:				
Energy Receipt Taxes	-	765,714	765,714	-
Transfer From Open Space for Payment of Debt Service	-	88,836	88,836	-
Interlocal Service Agreement:				
Chesterfield Court Fees	-	149,583	149,583	-
Cablevision Lease/Tower Rental	-	39,498	39,498	-
Summer Recreation Program - Board of Education	-	10,800	10,800	-
Interest on Investments	-	3,903	3,903	-
Construction Code Official:				
Fees & Permits	-	284,849	284,849	-
Municipal Court:				
Fines & Costs	5,791	105,546	104,368	6,969
Interest & Costs on Taxes	-	34,387	34,387	-
Wrightstown Municipal Court:				
Fines & Costs	710	15,332	15,295	747
	710	15,332	15,295	747
Total	\$ 6,501	\$ 1,731,576	\$ 1,730,361	\$ 7,717
Cash Receipts			\$ 1,695,973	
Collector			34,387	
Total			\$ 1,730,361	

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	BALANCE AFTER MODIFICATION	DISBURSED	OVEREXPENDED	BALANCE LAPSED
<b>Salary &amp; Wages:</b>					
Police	\$ 262	\$ 262	\$ 1,077	\$ 815	\$ -
Municipal Court - North Hanover	18,632	18,632	2,546	-	16,087
Municipal Court - Wrightstown	724	724	75	-	649
All Other Accounts - No Changes	7,947	7,947	-	-	7,947
<b>Other Expenses:</b>					
Mayor & Township Committee	1,877	1,877	198	-	1,680
Financial Administration	-	-	362	362	-
Collection of Taxes	149	149	146	-	3
Planning & Zoning Board	701	701	260	-	441
Police	1,903	1,903	2,642	739	-
Aid to Volunteer Fire Company	13,616	13,616	10,574	-	3,042
Prosecutor	875	875	1,625	750	-
Streets & Roads	2,330	2,330	3,996	1,666	-
Waste Facility	2,812	2,812	3,885	1,073	-
Public Buildings & Grounds	678	678	738	60	-
Vehicle Maintenance	3,421	3,421	3,261	-	160
Parks & Playgrounds	1,297	1,297	200	-	1,097
Celebration of Public Events	1,668	1,668	15	-	1,653
Electric	3,077	3,077	1,581	-	1,497
Street Lighting	3,221	3,221	1,955	-	1,266
Telephone	18	18	399	380	-
Natural Gas	1,025	1,025	342	-	683
Gasoline	198	198	2,214	2,016	-
Landfill Tipping Fees	4,149	4,149	3,578	-	571
Municipal Court - North Hanover	3,381	3,381	1,967	-	1,415
Municipal Court - Wrightstown	1,189	1,189	130	-	1,059
Municipal Court - Chesterfield	3,734	3,734	2,303	-	1,431
All Other Accounts - No Changes	3,397	3,397	-	-	3,397
<b>Total</b>	<b>\$ 82,281</b>	<b>\$ 82,281</b>	<b>\$ 46,067</b>	<b>\$ 7,861</b>	<b>\$ 44,075</b>
2015 Appropriation Reserves	\$ 52,333				
2015 Encumbrances	29,948				
<b>Total</b>	<b>\$ 82,281</b>				

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015 (2016 Taxes)		\$ 108,888
Increased by:		
Collection - 2017 Taxes	\$ 54,839	
Overpayments Applied in 2016	<u>71,989</u>	
		<u>126,828</u>
Subtotal		235,716
Decreased by:		
Apply to 2016 Taxes Receivable		<u>108,888</u>
Balance December 31, 2016 (2017 Taxes)		<u><u>\$ 126,828</u></u>

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 6,042
Increased by:		
Overpayments Created	\$ 169,427	
Adjustment to Overpayments	<u>1,251</u>	
		<u>170,678</u>
Subtotal		176,720
Decreased by:		
Applied to Taxes Receivable	91,994	
Applied to 2017 Taxes	71,989	
Cancelled	89	
Refunded	<u>6,008</u>	
		<u>170,081</u>
Balance December 31, 2016		<u><u>\$ 6,639</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
2016 Levy:			
County Tax	\$	1,410,482	
County Library Tax		131,197	
County Open Space Tax		167,924	1,709,604
			<hr/>
Subtotal			1,709,604
Decreased by:			
Payments			<hr/>
			1,709,604
Balance December 31, 2016		<hr/>	<hr/>
		\$	-

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	16,433
Increase by County Share of 2016 Levy:			
Added (R.S. 54:4-63.1 et seq.)			<hr/>
			18,680
Subtotal			35,113
Decreased by:			
Payments:			
Added Taxes (2015)			<hr/>
			16,433
Balance December 31, 2016		<hr/>	<hr/>
		\$	18,680



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		
School Tax Payable	\$	-
School Tax Deferred	1,352,644	\$ 1,352,644
		<u>1,352,644</u>
Increased by Local District School's Share of 2017 Levy:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>2,759,436</u>
Subtotal		4,112,080
Decreased by Payments:		
Payments		<u>2,732,383</u>
Balance December 31, 2016		
School Tax Payable	\$	27,053
School Tax Deferred	1,352,644	1,379,697
		<u>1,379,697</u>
Total		<u><u>\$ 1,379,697</u></u>
2016 Liability for Local District School Tax:		
Tax Paid	\$	2,732,383
Tax Payable December 31, 2016		<u>27,053</u>
Subtotal		2,759,436
Less: Tax Payable December 31, 2015		<u>-</u>
Amount Charged to 2016 Operations		<u><u>\$ 2,759,436</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		
School Tax Payable	\$ 80,212	
School Tax Deferred	<u>1,441,070</u>	\$ 1,521,282
Increased by Regional School's Share of 2017 Levy:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>2,963,284</u>
Subtotal		4,484,566
Decreased by Payments:		
Payments		<u>2,926,888</u>
Balance December 31, 2016		
School Tax Payable	\$ 116,608	
School Tax Deferred	<u>1,441,070</u>	
Total		<u><u>\$ 1,557,678</u></u>
2016 Liability for Regional School Tax:		
Tax Paid		\$ 2,926,888
Tax Payable December 31, 2016		<u>116,608</u>
Subtotal		3,043,496
Less: Tax Payable December 31, 2015		<u>80,212</u>
Amount Charged to 2016 Operations		<u><u>\$ 2,963,284</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	200,010
Decreased by:			
Sold in 2016	11,125		
Loss on Sales	<u>159,175</u>		
			<u>170,300</u>
Balance December 31, 2016		\$	<u><u>29,710</u></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, 2016**

Balance December 31, 2016 and 2015

\$ 31,356

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES  
FEDERAL AND STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PROGRAM	BALANCE DECEMBER 31, 2015	ACCRUED	RECEIVED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2016
<b>Federal Grants:</b>					
Body Armor Replacement Fund	\$ 1,202	\$ -	\$ -	\$ -	\$ 1,202
Total	<u>1,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>
<b>State Grants:</b>					
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	30,000	30,000	-	-	60,000
Smart Growth Planning Grant	15,000	-	-	-	15,000
Municipal Alliance on Alcoholism & Drug Abuse	2,760	-	-	-	2,760
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
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
Polling Place Grant	3,841	-	-	-	3,841
Clean Communities	-	16,319	-	16,319	-
Drunk Driving Enforcement Fund	-	16,280	16,280	-	-
NJ DOT - Jacobstown/Ameystown Rd - Phase II	42,599	-	-	-	42,599
Total State Grants	<u>238,699</u>	<u>62,598</u>	<u>16,280</u>	<u>16,319</u>	<u>268,699</u>
<b>Other Grants:</b>					
Burlington County Parks Grant - Phase II	100	-	-	-	100
Total Other Grants	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total	<u>\$ 240,001</u>	<u>\$ 62,598</u>	<u>\$ 16,280</u>	<u>\$ 16,319</u>	<u>\$ 270,001</u>
Cash Receipts			<u>\$ 16,280</u>		
Total			<u>\$ 16,280</u>		

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL AND STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PROGRAM	BALANCE DECEMBER 31, 2015	GRANT RECEIPTS	REALIZED AS MISCELLANEOUS REVENUE IN 2015 BUDGET	BALANCE DECEMBER 31, 2016
Federal Grants:				
COPS Universal Program	\$ 2	\$ -	\$ -	\$ 2
Body Armor Replacement Program	2	-	-	2
Total	4	-	-	4
State Grants:				
Body Armor Replacement Grant	-	1,222	-	1,222
Clean Communities Grant	16,319	18,656	16,319	18,656
Supplemental Fire Services	113	-	-	113
Recycling Tonnage Grant	-	9,604	-	9,604
Total State Grants	16,432	29,482	16,319	29,595
Total All Grants	\$ 16,436	\$ 29,482	\$ 16,319	\$ 29,599

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PROGRAM	BALANCE DECEMBER 31, 2015 APPROPRIATED	TRANSFERRED FROM 2015 BUDGET APPROPRIATION	DISBURSED	BALANCE DECEMBER 31, 2016 APPROPRIATED
<b>Federal Grants:</b>				
COPS Universal Program	\$ 11,131	\$ -	\$ 4,053.94	7,077
Small Cities Block Grant	27	-	-	27
Body Armor Replacement Program	555	-	-	555
<b>Total Federal Grants</b>	<b>11,713</b>	<b>-</b>	<b>4,053.94</b>	<b>7,659</b>
<b>State Grants:</b>				
DOT Grant	64,217	-	-	64,217
Transportation Trust Fund - Stewart Road	6,676	-	-	6,676
State Agriculture Development Committee (SADC) Planning Assistance Grant	929	-	-	929
Municipal Alliance on Alcoholism & Drug Abuse	3,750	-	-	3,750
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	28,558	-	21,676	6,882
SLAHEOP Grant	2,406	-	-	2,406
Drunk Driving Enforcement Fund	6,978	16,280	9,278	13,980
Smart Growth Grant	15,000	-	-	15,000
Body Armor Replacement Program	1,950	-	-	1,950
Safe & Secure Communities Program	-	30,000	30,000	-
Polling Place Grant	3,841	-	-	3,841
Clean Communities Grant	47,951	16,319	8,743	55,526
NJ DOT - Jacobstown/Ameystown Rd - Phase II	32,995	-	-	32,995
<b>Total State Grants</b>	<b>224,609</b>	<b>62,598</b>	<b>69,697</b>	<b>217,510</b>
<b>Municipal Share/ Local:</b>				
Safe & Secure Communities Program	-	35,245	30,769	4,476
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555	-	-	555
Municipal Alliance on Alcoholism & Drug Abuse	500	-	-	500
<b>Total Local Grants</b>	<b>1,055</b>	<b>35,245</b>	<b>30,769</b>	<b>5,531</b>
<b>Total All Grants</b>	<b>\$ 237,377</b>	<b>\$ 97,843</b>	<b>\$ 104,520</b>	<b>\$ 230,700</b>
Original Appropriations		\$ 97,843	\$ -	
Cash Disbursements		-	85,469	
Encumbrances		-	19,051	
<b>Total</b>		<b>\$ 97,843</b>	<b>\$ 104,520</b>	

**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, 2016**

	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER FUNDS</u>
Balance December 31, 2015	\$ 8,143	\$ 1,333,251
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 4,172	\$ -
Reserve for Escrow Deposits	-	471,540
Reserve for Affordable Housing	-	21,071
Reserve for Payroll	-	1,437,186
Reserve for Recreation	-	49,930
Reserve for Outside Police	-	1,095
Reserve for Public Defender Fee	-	5,703
Reserve for Municipal Open Space	-	888
Due to Current Fund	-	109,618
	<u>4,172</u>	<u>2,097,032</u>
Total Receipts	<u>4,172</u>	<u>2,097,032</u>
Subtotal	<u>12,315</u>	<u>3,430,283</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	821	
Due to Current Fund	-	95,328
Reserve for Escrow Deposits	-	37,336
Reserve for Affordable Housing	-	43,951
Reserve for Payroll	-	1,424,796
Reserve for Public Defender Fee	-	1,400
Reserve for Recreation	-	31,567
Reserve for Outside Police	-	17,415
Reserve for Municipal Open Space	-	297,528
	<u>821</u>	<u>1,949,320</u>
Total Disbursements	<u>821</u>	<u>1,949,320</u>
Balance December 31, 2016	<u>\$ 11,494</u>	<u>\$ 1,480,963</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, 2016**

Balance December 31, 2015		\$ 95,600
Increased by:		
Interest	\$ 105	
Reserve for Tax Title Lien Redemption	48,395	
Reserve for Tax Premium Redemption	31,200	
		79,700
Subtotal		175,300
Decreased by:		
Refund Lien Redemption	24,129	
Refund Premium	1,600	
Interest to Current	105	
		25,834
Balance December 31, 2016		\$ 149,466
	Tax Premiums	\$ 125,200
	Tax Title Liens	24,266
		\$ 149,466

**TRUST OTHER FUND  
SCHEDULE OF DUE TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 12,049
Increase by:		
Receipts		109,618
Decreased by:		
Disbursements		95,328
Balance December 31, 2016		\$ 26,340

**TOWNSHIP OF NORTH HANOVER  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 6,062
Increased by:		
Collections:		
Dog License Fees Collected by Clerk	4,172	4,172
Subtotal		10,234
Decreased by:		
Expenditures Under R.S.4:19-15.11- Cash	\$ 821	
Transfer to Current Fund	2,170	2,991
Balance December 31, 2016		\$ 7,243

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2015	\$ 4,125
2014	3,118
Total	\$ 7,243

**TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 964,627
Increased by:		
Interest	\$ 888	888
Subtotal		965,515
Decreased by:		
Applied to 2016 Taxes Receivable	208,692	
Anticipated Revenue Current Fund - Debt Service	88,836	297,528
Balance December 31, 2016		\$ 667,987

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 130,263
Increased by:	
Interest Earned & Escrow Deposits	<u>471,540</u>
Subtotal	601,803
Decreased by:	
Refunds or Payments	<u>37,336</u>
Balance December 31, 2016	<u><u>\$ 564,467</u></u>

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 131,690
Increased by:	
Affordable Housing Fees	<u>21,071</u>
Subtotal	152,761
Decreased by:	
Disbursements	<u>43,951</u>
Balance December 31, 2016	<u><u>\$ 108,810</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR PAYROLL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 10,198
Increased by:	
Payroll	<u>1,437,186</u>
Subtotal	1,447,384
Decreased by:	
Payroll Expenditures	<u>1,424,796</u>
Balance December 31, 2016	<u><u>\$ 22,589</u></u>

**ANALYSIS OF BALANCE**

Dental/Health	\$ 6,026
PERS	4,441
PFRS	7,193
DCRP Retirement	393
Unemployment & Disability	40
Unallocated Reserve	<u>4,496</u>
Total	<u><u>\$ 22,589</u></u>

**SCHEDULE OF RESERVE FOR RECREATION  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 99,026
Increased by:	
Receipts	<u>49,930</u>
Subtotal	148,956
Decreased by:	
Disbursements	<u>31,567</u>
Balance December 31, 2016	<u><u>\$ 117,389</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR COUNTY FAIR  
FOR THE YEAR ENDED DECEMBER 31, 2016**

EXHIBIT B-10

Balance December 31, 2016 and 2015	<u>\$ 7,545</u>
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**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

EXHIBIT B-11

Balance December 31, 2015	\$ 1,862
Increased by:	
Receipts - Fees Collected by Court	<u>5,703</u>
Subtotal	7,565
Decreased by:	
Disbursements - Expenditures	<u>1,400</u>
Balance December 31, 2016	<u>\$ 6,165</u>

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

EXHIBIT B-12

Balance, December 31, 2016 and 2015	<u>\$ 465</u>
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EXHIBIT B-13

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015 \$ 350

EXHIBIT B-14

**SCHEDULE OF RESERVE FOR CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL  
PURPOSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015 \$ 2,606

EXHIBIT B-15

**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015 \$ 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, 2016**

Balance December 31, 2015	\$	3,535,302
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$	175,000
Premium on Notes Issued		28,216
Note Proceeds		3,962,750
		<u>4,165,966</u>
Subtotal		7,701,268
Decreased by Disbursements:		
Notes	3,962,750	
Improvement Authorizations	2,919,219	
		<u>6,881,969</u>
Balance December 31, 2016	\$	<u><u>819,299</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	RECEIPTS			DISBURSEMENTS			TRANSFERS		BALANCE DECEMBER 31, 2016
		BOND ANTICIPATION NOTES	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	MISCELLANEOUS	FROM	TO		
Capital Improvement Fund	\$ 20,061	\$ -	\$ 175,000	\$ -	\$ -	\$ 139,000	\$ -	\$ -	\$ 56,061	
Premiums on Notes Issued - Reserve for Debt Service	270	-	28,216	-	-	-	-	-	28,486	
Reserve for Acquisition of Land	500	-	-	-	-	-	-	-	500	
Reserve for Fire Equipment	49,370	-	-	-	-	-	-	-	49,370	
Capital Surplus	592	-	-	-	-	-	-	-	592	
DOT Grant Receivable	(18,811)	-	-	-	-	-	-	-	(18,811)	
Reserve for Encumbrance	16,624	-	-	-	-	16,624	-	44,025	44,025	
Accounts Receivable	(2,306)	-	-	-	-	-	-	-	(2,306)	
<b>ORDINANCE</b>										
<b>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	17,578	-	7,923	-	-	-	-	-	9,655
2001-03	Capital Improvements & Purchase Equipment	2,594	-	-	-	-	-	-	-	2,594
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)
2006-10	Purchase of Validator/Postage Machine	3,200	-	-	-	-	-	-	-	3,200
2009-21	Acquisition & Installation of Solar Panels	16,344	152,000	-	-	152,000	-	-	-	16,344
2009-22	Reconstruction of Schoolhouse Road Phase II	7,938	-	-	-	-	-	-	-	7,938
2011-05	Acquisition of Certain Real Property	1,567	135,450	-	-	135,450	-	-	-	1,567
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	2,210	57,000	-	-	57,000	-	-	-	2,210
2012-06	Acquisition & Installation of a Trash Compacto	540	15,200	-	-	15,200	-	-	-	540
2012-08	Resurfacing of Jacobstown-Armytown Road	3,788	-	-	-	-	-	-	-	3,788
2013-05	Acquisition of a Tanker Truck	689	245,700	-	-	245,700	-	-	-	689
2013-09	Improvements to Schoolhouse Road Park	-	32,400	-	-	32,400	-	-	-	-
2015-04	Township Road Improvement Program	3,411,890	3,325,000	-	-	3,325,000	-	-	-	1,490,325
2016-07	Road Improvement Program & Various Other Purposes	-	-	912,129	1,936,924	-	-	16,624	-	(821,889)
2016-09	Municipal Park Improvements	-	-	62,243	-	-	-	133,000	-	(56,243)
<b>Total</b>		\$ 3,535,302	\$ 3,962,750	\$ 203,216	\$ 2,919,219	\$ 3,962,750	\$ 199,649	\$ 199,649	\$ 819,299	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 680,000
Decreased by:	
2016 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>155,000</u>
Balance December 31, 2016	<u><u>\$ 525,000</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE					UNEXPENDED IMPROVEMENT AUTHORIZATIONS	
		BALANCE DECEMBER 31, 2015	INCREASED BY IMPROVEMENT AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2016	BOND ANTICIPATION NOTES		EXPENDED
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	\$ 63,320	\$ -	\$ 40,000	\$ 23,320	\$ -	\$ 19,214	\$ 4,106
2009-21	Acquisition & Installation of Solar Panels	171,000	-	19,000	152,000	152,000	-	-
2011-05	Acquisition of Certain Real Property	162,525	-	27,075	135,450	135,450	-	-
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	64,125	-	7,125	57,000	57,000	-	-
2012-06	Acquisition & Installation of a Trash Compactor	17,100	-	1,900	15,200	15,200	-	-
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	-	9,500	-	-	9,500
2013-05	Acquisition of Tanker Truck	273,000	-	27,300	245,700	245,700	-	-
2013-09	Improvements to Schoolhouse Road Park	36,000	-	3,600	32,400	32,400	-	-
2015-04	Township Road Improvement Program	3,325,000	-	-	3,325,000	3,325,000	-	-
2016-07	Road Improvement Program & Various Other Purposes	-	2,527,000	-	2,527,000	-	821,889	1,705,111
2016-09	Municipal Park Improvements	-	114,000	-	114,000	-	56,243	57,757
Total		\$ 4,121,570	\$ 2,641,000	\$ 126,000	\$ 6,636,570	\$ 3,962,750	\$ 897,346	\$ 1,776,474

Improvement Authorizations - Unfunded		ORD. NO.	
Unexpended Proceeds of Bond Anticipation Notes	2009-21	\$	16,344
Unexpended Proceeds of Bond Anticipation Notes	2011-05		1,567
Unexpended Proceeds of Bond Anticipation Notes	2012-01		2,210
Unexpended Proceeds of Bond Anticipation Notes	2012-06		540
Unexpended Proceeds of Bond Anticipation Notes	2013-05		689
Unexpended Proceeds of Bond Anticipation Notes	2015-04		1,490,325
			<u>1,511,675</u>

\$ 1,776,474

TOWNSHIP OF NORTH HANOVER  
 GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATION  
 FOR THE YEAR ENDED DECEMBER 31, 2016

IMPROVEMENT DESCRIPTION	NUMBER	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2015		CAPITAL IMPROVEMENT FUND	CHARGES TO FUTURE TAXATION- UNFUNDED		TRANSFER FROM ENCUMBRANCES	TRANSFER TO ENCUMBRANCES	DISBURSED	BALANCE DECEMBER 31, 2016	
				FUNDED	UNFUNDED		FUNDED	UNFUNDED				FUNDED	UNFUNDED
General Improvements: Feasibility Study for Improvement to Municipa & 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	17,578	-	-	-	-	-	7,923	-	9,655	-
Capital Improvements & Purchase Equipmen	2001-03	5/10/2001	120,000	2,594	-	-	-	-	-	-	-	2,594	-
Purchase of Public Safety Equipment	2003-06	9/18/2003	147,500	4,126	-	-	-	-	-	-	-	4,126	-
Acquisition of Farms for Farmland Preservator	2003-08	11/13/2003	320,000	13,890	-	-	-	-	-	-	-	13,890	-
Acquisition of Farms for Farmland Preservator & 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 II	2009-22	12/17/2009	17,000	7,938	-	-	-	-	-	-	-	7,938	-
Acquisition of Certain Real Property	2011-05	11/15/2011	285,000	-	1,567	-	-	-	-	-	-	-	1,567
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	-	540	-	-	-	-	-	-	-	540
Resurfacing of Jacobstown-Amytown Road:	2012-08	12/6/2012	210,000	3,788	9,500	-	-	-	-	-	-	3,788	9,500
Acquisition of Fire Tanker Truck	2013-05	7/18/2013	287,500	-	689	-	-	-	-	-	-	-	689
Townshipwide Road Improvement Program	2015-04	7/2/2015	3,500,000	86,890	3,325,000	-	-	16,624	1,264	1,936,924	-	-	1,490,325
Road Improvement Program & Various Other Purpose:	2016-07	5/5/2016	2,660,000	-	-	133,000	2,527,000	-	42,761	912,129	-	-	1,705,111
Municipal Park Improvements	2016-09	8/18/2016	120,000	-	-	6,000	114,000	-	-	62,243	-	-	57,757
<b>Total</b>			<b>\$ 3,359,956</b>	<b>\$ 141,866</b>	<b>\$ 3,359,956</b>	<b>\$ 139,000</b>	<b>\$ 2,641,000</b>	<b>\$ 16,624</b>	<b>\$ 44,025</b>	<b>\$ 2,919,219</b>	<b>\$ 47,053</b>	<b>\$ 3,288,149</b>	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 20,061
Increased by:	
Capital Improvement Fund - Current Fund Budget	<u>175,000</u>
Subtotal	195,061
Decreased by:	
Funded Portion of 2016 Improvement Authorizations Issued	<u>139,000</u>
Balance December 31, 2016	<u><u>\$ 56,061</u></u>



**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASE	DECREASE	BALANCE DECEMBER 31, 2016
2006-06	Acquisition of Farms for Farmland Preservation Program/Various Improvements	12/29/2006	4/29/2015	4/28/2016	0.89%	\$ 40,000	\$ -	\$ 40,000	\$ -
2009-21	Acquisition & Installation of Solar Panels	5/3/2012	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	171,000 -	- 152,000	171,000 -	- 152,000
2011-05	Acquisition of Certain Real Property	12/15/2011	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	162,525 -	- 135,450	162,525 -	- 135,450
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	5/3/2012	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	64,125 -	- 57,000	64,125 -	- 57,000
2012-06	Acquisition & Installation of a Trash Compactor	12/15/2012	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	17,100 -	- 15,200	17,100 -	- 15,200
2013-05	Acquisition of a Tanker Truck	9/4/2013	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	273,000 -	- 245,700	273,000 -	- 245,700
2013-09	Improvements to Schoolhouse Road Park	12/30/2013	4/29/2015 4/27/2016	4/28/2016 4/26/2017	0.89% 2.00%	36,000 -	- 32,400	36,000 -	- 32,400
2015-4	Township Road Improvement Program	10/28/2015	10/28/2015 4/27/2016	4/28/2016 4/26/2017	0.91% 2.00%	3,325,000 -	- 3,325,000	3,325,000 -	- 3,325,000
<b>Total</b>						<b>\$ 4,088,750</b>	<b>\$ 3,962,750</b>	<b>\$ 4,088,750</b>	<b>\$ 3,962,750</b>
Renewals						\$ 3,962,750	\$ 3,962,750	\$ 3,962,750	
Paid by Budget						-	-	126,000	
<b>Total</b>						<b>\$ 3,962,750</b>	<b>\$ 4,088,750</b>	<b>\$ 4,088,750</b>	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2015	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT				
General Bonds of 1999	6/15/99	\$ 2,520,000	6/15/17	170,000	5.20%	\$ 680,000	\$ 155,000	\$ 525,000
			6/15/18	175,000				
			6/15/19	180,000				
Total						\$ 680,000	\$ 155,000	\$ 525,000

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF BURLINGTON COUNTY PARKS GRANT RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Ordinance 2016-09 Municipal Park Improvement	<u>105,000</u>
Balance December 31, 2016	<u><u>\$ 105,000</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	IMPROVEMENT AUTHORIZATIONS	BALANCE DECEMBER 31, 2016
2006-06	Various Capital Improvements	\$ 23,320	\$ -	\$ 23,320
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	9,500
2016-07	Road Improvement Program and Various Other Purposes	-	2,527,000	2,527,000
2016-09	Municipal Park Improvements	-	114,000	114,000
	Total	\$ 32,820	\$ 2,641,000	\$ 2,673,820

**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 ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2016
General Fixed Assets:				
Land & Land Improvements	\$ 2,422,656	\$ -	\$ -	\$ 2,422,656
Buildings	1,017,099	-	-	1,017,099
Vehicles	1,959,890	-	-	1,959,890
Machinery & Equipment	885,113	-	-	885,113
	<hr/>			
Total General Fixed Assets	\$ 6,284,758	\$ -	\$ -	\$ 6,284,758
	<hr/>			
	<hr/>			
Total Investments in General Fixed Assets	\$ 6,284,758	\$ -	\$ -	\$ 6,284,758
	<hr/>			
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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

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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, 2016. 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*.

##### **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 1, 2016 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, 2016 included 2016 taxes and the amounts included in the arrears register.

There was a tax sale held on October 6, 2016 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>
2016	3
2015	3
2014	14

## **Fixed Assets**

### **\*Finding 2016-001:**

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:**

Presently, the Township Committee believes full compliance with Technical Accounting Directive 85-2 would require a financial commitment it cannot afford.

## **Other Items**

### **Finding 2016-002:**

In review of the 2015 Appropriation Reserves, it was determined that the nine line item were overexpended at year end totaling \$7,861.

### **Recommendation:**

Overexpenditures should be avoided.

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

Management agrees with the above finding and will transfer funds according to statute to eliminate overexpenditures

## **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 (\*).

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2016:

<b>NAME</b>	<b>TITLE</b>	<b>AMOUNT OF BOND</b>	<b>NAME OF CORPORATE SURETY</b>
Louis DeLorenzo	Mayor	\$ 15,000.00	A
Ronald DeBaecke	Deputy Mayor	\$ 15,000.00	A
Christopher Doyle	Committeeman	\$ 15,000.00	A
Brendan O'Donnell	Committeeman	\$ 15,000.00	A
John Kocubinski	Committeeman	\$ 15,000.00	A
John A. Bruno, Jr	Chief Financial Officer	\$ 85,000.00	A
Joseph Greene	Treasurer	\$ 15,000.00	A
Maryalice Picariello	Tax Collector/Township Clerk	\$100,000.00	A
Lois F. Downey	Judge of Municipal Court	\$ 15,000.00	A
Rita Williams	Court Administrator	\$ 15,000.00	A
Suzanne Morales	Deputy Court Administrator	\$ 15,000.00	A
Jovanna Mondragon	Violations Clerk	\$ 15,000.00	A
Theodore Wells	Police Chief	\$ 15,000.00	A
Donald Kosul	Tax Assessor	\$ 15,000.00	A
Environmental Resolutions, Inc.	Engineer		
Mark Roselli, Esq.	Solicitor		

(A) Selective Insurance Company

All of the Bonds were examined and were properly executed.

## **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.

Should you have any questions concerning our comments or recommendations, please contact us.

Respectfully submitted,

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

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

June 21, 2017  
Medford, New Jersey