

TOWNSHIP OF NORTH HANOVER

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

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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, 2018**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of North Hanover
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 the Township of North Hanover as of December 31, 2018 and 2017, and the related statement of operations and changes in 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, 2018 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 discussed in Note 1 to the financial statements, the 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 U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2018 and 2017, 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 the Township, as of December 31, 2018 and 2017, 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, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

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 and letter of comments and recommendations section 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.

The supplemental schedules presented for the various funds are 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 financial statements of each of the respective individual funds and account group taken as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township'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

Medford, New Jersey
July 25, 2019

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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
Township of North Hanover
Medford, 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 the Township of North Hanover, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 25, 2019. 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Medford, New Jersey
July 25, 2019

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, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,436,363	\$ 1,583,206
Petty Cash	A	450	450
Change Funds	A-6	550	550
Total		1,437,363	1,584,206
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	158,122	161,094
Tax Title Liens Receivable	A-9	38,880	27,628
Property Acquired for Taxes - (Assessed Valuation)	A-18	3,410	3,410
Revenue Accounts Receivable	A-10	7,833	9,818
Due from State & Federal Grant Fund	A	140,717	-
Due from Animal Control Trust	B	2,771	6,238
Due from Trust Other Fund	B	44,115	40,262
Total Receivable & Other Assets With Full Reserves		395,848	248,450
Deferred Charges To Future Taxation:			
Special Emergency Authorizations N.J.S.A. 40A:4-53	A	7,680	10,240
Overexpenditure of Appropriation Reserves	A	-	7,861
Total		7,680	18,101
Total Regular Fund		1,840,891	1,850,757
Federal & State Grant Fund:			
Due from Trust Other Fund	B	6,541	6,541
Due from Current Fund	A	-	17,615
Federal & State Grants Receivable	A-20	680,390	274,087
Total Federal & State Grants		686,931	298,243
		\$ 2,527,822	\$ 2,149,000

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2018	2017
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 188,954	\$ 105,906
Accounts Payable	A	4,741	4,741
Reserve for Encumbrances	A-3	10,593	42,154
Prepaid Taxes	A-12	77,095	255,119
Tax Overpayments	A-13	5,274	6,345
County Taxes Payable	A-14	230	230
Due County for Added & Omitted Taxes	A-15	19,020	30,978
Local School Tax Payable	A-16	-	54,648
Regional School Tax Payable	A-17	19,795	74,646
Due To State of New Jersey - Senior Citizen & Veteran Deductions	A-7	2,701	2,201
Due To State of New Jersey - Marriage License Fees	A	-	200
Due To State of New Jersey - DCA Training Fees	A	1,494	2,382
Reserve for Preparation of Master Plan	A	810	810
Reserve for JIF Safety Program	A	2,355	1,891
Reserve for Revaluation	A	8,471	8,471
Reserve for Codification of Ordinances	A	3,840	7,680
Reserve for Insurance Recoveries	A	1,566	1,566
Reserve for Sale of Municipal Assets	A	5,625	5,625
Due to Other Trust Fund - Municipal Open Space	A-19, B	31,453	31,453
Due to General Capital Fund	C	30,000	30,000
Due to Federal & State Grant Fund	A	-	17,615
 Total Liabilities		 <u>414,017</u>	 <u>684,661</u>
 Reserve for Receivables & Other Assets	A	 395,848	 248,450
Fund Balance	A-1	<u>1,031,026</u>	<u>917,646</u>
 Total Regular Fund		 <u>1,840,891</u>	 <u>1,850,757</u>
State & Federal Grants:			
Due to General Capital Fund	C	52,342	52,342
Due to Current Fund	A	140,717	-
Encumbrance Payable	A-22	18,725	3,000
Reserve for Federal & State Grants:			
Unappropriated	A-21	16,499	30,121
Appropriated	A-22	458,648	212,780
 Total State & Federal Grants		 <u>686,931</u>	 <u>298,243</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 2,527,822</u>	 <u>\$ 2,149,000</u>

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, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 458,000	\$ 410,000
Miscellaneous Revenue Anticipated	2,038,998	1,610,286
Receipts From Delinquent Taxes	158,350	142,530
Receipts from Current Taxes	9,079,457	8,871,303
Nonbudget Revenues	108,184	111,989
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	45,943	68,021
Statutory Excess in Animal Control Trust Fund	6,238	1,992
Petty Cash	-	350
Interfunds Returned	-	22,312
	<u>11,895,170</u>	<u>11,238,783</u>
Total Income		
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,139,591	1,066,519
Other Expenses	1,173,135	1,181,385
Deferred Charges & Statutory Expenditures - Municipal	241,739	225,825
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	165,599	161,151
Other Expenses	510,526	97,717
Municipal Debt Service	453,180	357,915
Deferred Charges & Statutory Expenditures - Municipal	2,560	29,060
County Taxes	1,717,138	1,703,660
Due County for Added and Omitted Taxes	19,020	30,978
Local District School Taxes	2,866,873	2,814,625
Regional School Taxes	2,888,664	2,970,797
Refund of Prior Year Revenue	944	25,045
Prior Year Deductions Disallowed by Collector	250	750
Interfunds - Advanced	144,571	38,124
	<u>11,323,790</u>	<u>10,703,551</u>
Total Expenditures		
Statutory Excess to Fund Balance	571,380	535,232
Fund Balance January 1	917,646	792,414
	<u>1,489,026</u>	<u>1,327,646</u>
Total		
Decreased by:		
Utilized as Anticipated Revenue	458,000	410,000
	<u>1,031,026</u>	<u>917,646</u>
Fund Balance December 31	<u>\$ 1,031,026</u>	<u>\$ 917,646</u>

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

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 458,000	\$ -	\$ 458,000	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	2,000	-	5,342	3,342
Other	8,000	-	18,021	10,021
Fees & Permits	175,000	-	184,684	9,684
Fines & Costs:				
Municipal Court	85,300	-	149,203	63,903
Interest on Costs & Taxes	30,000	-	34,773	4,773
Interest on Investments & Deposits	650	-	3,199	2,549
Summer Recreation Program - North Hanover				
Board of Education	5,200	-	-	(5,200)
Communication Leases - Cable/Tower	35,000	-	47,207	12,207
Energy Tax Receipts	765,714	-	765,714	-
Uniform Construction Code Fees	46,500	-	120,036	73,536
Interlocal Service Agreement:				
Chesterfield Court Fees	120,000	-	118,822	(1,178)
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	12,932	-	12,932	-
Clean Communities Program	15,850	-	15,850	-
Safe & Secure Communities Program	30,000	-	30,000	-
NJ DOT - Schoolhouse Road - 2018	-	235,000	235,000	-
Burlington County Recreation Trust Grant	-	200,000	200,000	-
Body Armor Replacement Grant Fund- State	1,303	-	1,303	-
Transfer of Reserves from Municipal Open Space Trust Fund for Debt Service	58,562	-	58,562	-
Premiums on Notes (Capital Surplus)	38,350	-	38,350	-
Total Revenues	1,430,361	435,000	2,038,998	173,637
Receipts from Delinquent Taxes	135,000	-	158,350	23,350
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,509,000	-	1,699,904	190,904
Budget Totals	3,532,361	435,000	4,355,252	387,891
Nonbudget Revenues	-	-	108,184	108,184
Total	\$ 3,532,361	\$ 435,000	\$ 4,463,436	\$ 496,075

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, 2018**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 9,079,457
Allocated to School, County & Local Open Space Taxes	<u>7,659,764</u>
Balance of Support of Municipal Budget Appropriations	1,419,693
Add: Appropriation "Reserve for Uncollected Taxes"	<u>280,211</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,699,904</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u><u>\$ 158,350</u></u>
Fees & Permits - Other:	
Fees & Permits	\$ 353
Dump Fees	43,383
Gun Permit	402
Land Use Application	2,925
Zoning Permits	1,000
Mobile Home Fees	<u>136,621</u>
Total	<u><u>\$ 184,684</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 2,752
Interlocal - Rock Salt	1,716
Inspection of Motor Vehicles	1,150
Administrative Fee for Senior Citizens/Veterans and Homestead Rebates	833
Scrap Metal/Oil	1,690
Cable Franchise Fee	25,001
Uncashed Checks	15,390
Outside Police	17,577
Hotel/Motel Licenses	11,767
Sale of Solar Renewable Energy Credits	29,655
Tax Collector - Miscellaneous	<u>653</u>
Total	<u><u>\$ 108,184</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATIONS - WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Mayor & Township Committee:							
Salaries and Wages	\$ 25,000	\$ 27,500	\$ 27,076	\$ -	\$ 424	\$ -	
Other Expenses	2,825	3,325	3,293	-	32	-	
Municipal Clerk:							
Salaries and Wages	53,300	53,300	52,457	-	843	-	
Other Expenses	8,245	8,245	8,245	-	-	-	
Financial Administration:							
Salaries and Wages	64,331	69,331	69,282	-	49	-	
Other Expenses	22,505	26,505	25,483	-	1,022	-	
Audit Services:							
Other Expenses	32,000	32,000	31,500	-	500	-	
Collection of Taxes:							
Salaries and Wages	33,350	34,350	33,997	-	353	-	
Other Expenses	9,648	9,648	6,542	-	3,106	-	
Assessment of Taxes:							
Salaries and Wages	25,335	25,935	25,839	-	96	-	
Other Expenses	4,500	5,000	4,813	-	187	-	
Legal Services & Costs:							
Other Expenses	27,500	27,500	17,346	-	10,154	-	
Engineering Services & Costs:							
Other Expenses	18,570	18,570	14,826	-	3,744	-	
Municipal Land Use Law (N.J.S. 40:55D-1):							
Planning & Zoning Board:							
Salaries and Wages	2,625	2,625	2,212	-	413	-	
Other Expenses	8,850	8,850	642	-	8,208	-	
Zoning Officer:							
Other Expenses	775	775	750	-	25	-	
Mobile Home Inspector:							
Other Expenses	200	200	50	-	150	-	
INSURANCE:							
Other Insurance Premiums	61,000	61,000	52,275	-	8,725	-	
Worker's Compensation Insurance	108,500	108,750	108,632	-	118	-	
Group Insurance Plan for Employees	268,200	268,200	221,195	-	47,005	-	
Medical Option Out Payments	5,000	6,000	5,996	-	4	-	
PUBLIC SAFETY:							
Police:							
Salaries and Wages	702,350	712,350	704,352	-	7,998	-	
Other Expenses	74,850	76,850	67,920	8,044	886	-	

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, 2018**

	APPROPRIATIONS		EXPENDED				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATIONS - WITHIN "CAPS"							
Emergency Management Service:							
Salaries and Wages	4,100	4,100	4,053	-	47	-	-
Other Expenses	1,250	2,000	1,852	-	148	-	-
Aid to Volunteer Fire Company:							
Jacobstown Volunteer Fire Company	59,100	50,050	37,299	1,180	11,571	-	-
Municipal Prosecutor:							
Salaries and Wages	2,760	2,860	2,788	-	72	-	-
Other Expenses	5,000	5,000	4,875	-	125	-	-
PUBLIC WORKS FUNCTIONS							
Public Works:							
Contractual Services:							
Other Expenses	142,746	148,746	148,204	-	542	-	-
Sanitation:							
Waste Facility:							
Salaries and Wages	27,310	28,310	28,286	-	24	-	-
Other Expenses	27,200	31,700	30,308	975	417	-	-
Recycling:							
Other Expenses	100	100	-	-	100	-	-
Public Buildings & Grounds:							
Salaries and Wages	19,700	16,700	16,629	-	71	-	-
Other Expenses	43,950	50,450	49,527	151	772	-	-
Vehicle Maintenance:							
Other Expense	39,000	19,000	15,943	48	3,009	-	-
HEALTH & HUMAN SERVICES							
Board of Health:							
Other Expenses	50	50	-	-	50	-	-
Dog Regulation:							
Salaries and Wages	250	250	-	-	250	-	-
Other Expenses	1,000	1,000	900	-	100	-	-
PARKS & RECREATION FUNCTIONS:							
Parks & Playgrounds:							
Salaries and Wages	16,300	16,300	10,043	-	6,257	-	-
Other Expenses	26,871	26,871	19,133	-	7,738	-	-
Celebration of Public Events:							
Other Expenses	7,000	7,000	6,036	195	769	-	-
UTILITY EXPENSES & BULK PURCHASES:							
Electricity	22,800	22,800	19,552	-	3,248	-	-
Street Lighting	27,000	27,000	24,253	-	2,747	-	-
Telephone	17,400	19,400	19,295	-	105	-	-
Gas	5,000	6,000	5,619	-	381	-	-
Fuel Oil	1,000	2,500	2,413	-	87	-	-
Gasoline	32,000	42,000	38,004	-	3,996	-	-

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, 2018**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATIONS - WITHIN "CAPS"							
Municipal Court:							
Salaries and Wages	75,500	61,425	61,163	-	262	-	-
Other Expenses	7,100	7,100	6,070	-	1,030	-	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:							
Landfill Tipping Fees							
Other Expenses	41,000	41,000	31,333	-	9,667	-	-
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):							
State Uniform Construction Code:							
Construction Official:							
Salaries and Wages	84,255	84,255	82,675	-	1,580	-	-
Other Expenses	1,950	1,950	1,303	-	647	-	-
Unclassified:							
Reserve for Salary Increases	20,000	-	-	-	-	-	-
Total Operations Within "CAPS	2,318,151	2,312,726	2,152,279	10,593	149,854	-	-
Detail:							
Salaries and Wages	1,156,466	1,139,591	1,120,852	-	18,739	-	-
Other Expenses	1,161,685	1,173,135	1,031,427	10,593	131,115	-	-
DEFERRED CHARGES & STATUTORY EXPENDITURES							
MUNICIPAL - WITHIN "CAPS"							
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	40,065	40,265	40,166	-	99	-	-
Social Security System (O.A.S.I)	90,000	95,000	92,306	-	2,694	-	-
Police & Fireman's Retirement System	89,113	89,213	89,153	-	60	-	-
Unemployment Compensation Insurance	8,400	8,400	6,248	-	2,152	-	-
Defined Contribution Retirement Program	1,000	1,000	1,000	-	-	-	-
Overexpenditures of Current Year Appropriations	7,861	7,861	7,861	-	-	-	-
Total Statutory Expenditures	236,439	241,739	236,734	-	5,005	-	-
Total General Appropriations Within "CAPS"	2,554,590	2,554,465	2,389,013	10,593	154,859	-	-
OPERATIONS EXCLUDED FROM "CAPS":							
Public Assistance	100	100	-	-	100	-	-
Recycling Tax Appropriations:							
Recycling Tax	4,800	4,800	2,473	-	2,327	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:							
Municipal Court:							
Salaries and Wages	84,505	84,505	60,970	-	23,535	-	-
Other Expenses	14,266	14,266	6,133	-	8,133	-	-

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, 2018**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - EXCLUDED FROM "CAPS"						
Statutory Expenditures:						
Social Security System (O.A.S.I)	7,500	7,500	7,500	-	-	-
Group Insurance Plan for Employees	20,000	20,000	20,000	-	-	-
Municipal Prosecutor:						
Other Expenses	14,500	14,625	14,625	-	-	-
PUBLIC & PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:						
Clean Communities Program	15,849	15,849	15,849	-	-	-
Body Armor Replacement Grant- State	1,303	1,303	1,303	-	-	-
Recycling Grant- State Share	12,932	12,932	12,932	-	-	-
Safe & Secure Communities Program:						
State Share	30,000	30,000	30,000	-	-	-
Township Share	35,245	35,245	35,245	-	-	-
NJ DOT - Schoolhouse Road - 2018	-	235,000	235,000	-	-	-
Burlington County Recreation Trust Grant	-	200,000	200,000	-	-	-
Total Operations	241,000	676,125	642,030	-	34,095	-
Total Operations Including Contingent	241,000	676,125	642,030	-	34,095	-
Detail:						
Salaries and Wages	165,599	165,599	142,064	-	23,535	-
Other Expenses	75,401	510,526	499,966	-	10,560	-
Municipal Debt Service:						
Payment of Bond Principal	175,000	175,000	175,000	-	-	-
Payment of Bond Anticipation & Capital Notes	129,000	129,000	129,000	-	-	-
Interest on Bonds	14,000	14,000	13,910	-	-	90

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, 2018**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - EXCLUDED FROM "CAPS"						
Interest on Notes	136,000	136,000	135,270	-	-	730
Total Municipal Debt Service	454,000	454,000	453,180	-	-	820
DEFERRED CHARGES & STATUTORY EXPENDITURES MUNICIPAL - EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 Years	2,560	2,560	2,560	-	-	-
Total Deferred Charges & Statutory Expenditures	2,560	2,560	2,560	-	-	-
Total General Appropriations for Municipal Services Excluded from "CAPS"	697,560	1,132,685	1,097,770	-	34,095	820
Subtotal General Appropriations Reserve for Uncollected Taxes	3,252,150	3,687,150	3,486,783	10,593	188,954	820
	280,211	280,211	280,211	-	-	-
Total General Appropriations	\$ 3,532,361	\$ 3,967,361	\$ 3,766,994	\$ 10,593	\$ 188,954	\$ 820
C.159 Amendments Original Budget	\$ 435,000	3,532,361				
Total	\$ 3,967,361					
Reserve for State & Federal Grants Appropriated	\$ 530,329					
Deferred Charges	10,421					
Reserve for Uncollected Taxes	280,211					
Cash Disbursed	2,946,033					
Total	\$ 3,766,994					

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, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Animal Control Trust Fund:			
Cash	B-1	\$ 11,186	\$ 14,540
Total Animal Control Trust Fund		<u>11,186</u>	<u>14,540</u>
Other Funds:			
Cash - Treasurer	B-1	1,105,917	1,445,679
Cash - Collector	B-2	47,268	12,700
Due from Bank	B	235	235
Due from Municipal Court	B	7,579	7,579
Accounts Receivable	B	33,205	29,458
Due from Current Fund - Municipal Open Space	A	31,453	31,453
Total Other Funds		<u>1,225,657</u>	<u>1,527,104</u>
Total Assets		<u>\$ 1,236,843</u>	<u>\$ 1,541,644</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 8,410	\$ 8,297
Due to Current Fund	A	2,771	6,238
Due to State	B	5	5
Total Animal Control Trust Fund		<u>11,186</u>	<u>14,540</u>
Other Funds:			
Reserve for Tax Premiums	B-2	7,800	12,700
Reserve for Tax Title Liens	B-2	39,468	-
Due to Current Fund	B-3,A	44,115	40,262
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Municipal Open Space	B-5	550,899	608,892
Reserve for Escrow Deposits	B-6	265,588	562,648
Reserve for Affordable Housing	B-7	105,864	111,596
Reserve for Payroll Deductions	B-8	34,458	24,383
Reserve for Recreation	B-9	137,078	136,434
Reserve for County Fair	B-10	7,545	7,545
Reserve for Public Defender Fee	B-11	12,862	9,999
Reserve for Ambulance Fund Contributions	B-12	465	465
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 Police	B-15	950	950
Reserve for Special Law Enforcement	B-16	7,335	-
Reserve for POAA	B	26	26
Reserve for Program Income - Municipal Alliance	B	682	682
Reserve for Unallocated Receipts	B	1,025	1,025
Total Other Funds		<u>1,225,657</u>	<u>1,527,104</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,236,843</u>	<u>\$ 1,541,644</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, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Cash	C-1	\$ 628,645	\$ 1,023,046
Accounts Receivable	C-2	2,306	2,306
DOT Grant Receivable	C-2	150,701	150,701
Burlington County Parks Grant Receivable	C-10	22,658	22,658
Deferred Charges to Future Taxation - Funded	C-3	6,480,000	355,000
Deferred Charges to Future Taxation - Unfunded	C-4	-	6,671,728
Due from Current Fund	A	30,000	30,000
Due from Federal & State Grant Fund	A	52,342	52,342
		<u>\$ 7,366,652</u>	<u>\$ 8,307,781</u>
Total Assets		<u>\$ 7,366,652</u>	<u>\$ 8,307,781</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-9	\$ 6,480,000	\$ 355,000
Bond Anticipation Notes	C-8	-	6,028,750
Capital Improvement Fund	C-6	46,561	46,561
Improvement Authorizations:			
Funded	C-5	798,949	42,468
Unfunded	C-5	-	1,653,368
Reserve for:			
Encumbrances Payable	C-2	-	119,164
Fire Equipment	C-2	370	370
Acquisition of Land	C-2	500	500
Burlington County Parks Grant Receivable	C	22,658	22,658
Capital Surplus	C-2	17,614	38,942
		<u>\$ 7,366,652</u>	<u>\$ 8,307,781</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 7,366,652</u>	<u>\$ 8,307,781</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$-0- and on December 31, 2017 of \$642,978.

**TOWNSHIP OF NORTH HANOVER
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Land & Land Improvements	\$ 1,319,100	\$ 2,422,656
Buildings	2,283,900	1,017,099
Vehicles	2,159,400	2,077,368
Machinery & Equipment	853,953	892,513
Total	\$ 6,616,353	\$ 6,409,636
FUND BALANCE		
Investment in General Fixed Assets	\$ 6,616,353	\$ 6,409,636

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, 2018**

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**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of North Hanover, County of Burlington, New Jersey (hereafter referred to as the "Township") is governed by the Township form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At the annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township 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 further in this note.

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

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Township 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 10th 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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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.

The cash management plan adopted by the Township 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.

TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" 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 Township 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.

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

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

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, North Hanover Township School District, and Northern Burlington County Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

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 10th 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 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the North Hanover Township School District Northern Burlington County Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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.

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 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 and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and 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 – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on 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 Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

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

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued)

As of December 31, 2018, the Township's bank balance of \$3,115,990 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$	2,102,572
Uninsured and Uncollateralized		1,013,418
	\$	3,115,990

Investments

The Township had no investments as of December 31, 2018.

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 Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.124</u>	<u>\$ 2.079</u>	<u>\$ 2.073</u>
Apportionment of Tax Rate:			
Municipal	0.350	0.324	0.324
Municipal Open Space		-	-
County General	0.344	0.330	0.332
County Library	0.031	0.031	0.031
County Open Space	0.025	0.040	0.040
Local School	0.702	0.659	0.649
Regional School	0.672	0.695	0.697

Assessed Valuation

<u>Year</u>		<u>Amount</u>
2018	\$	430,799,343
2017		427,026,067
2016		425,310,682

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 9,250,718	\$ 9,079,457	98.14%
2017	9,039,225	8,871,303	98.14%
2016	8,915,831	8,743,769	98.07%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$ 38,880	\$ 158,122	\$ 197,002	2.13%
2017	27,628	161,094	188,722	2.09%
2016	21,699	159,737	181,436	2.03%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	4
2017	3
2016	3

The last tax sale was held on October 12, 2018.

Note 4: Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2018	\$ 3,410
2017	3,410
2016	29,710

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 1,031,026	\$ 650,000	63.04%
2017	917,646	458,000	49.91%
2016	792,414	410,000	51.74%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 187,603	\$ 61,453
State and Federal Grant Fund	6,541	193,059
Animal Control Trust	-	2,771
Trust Other Fund	31,453	50,656
Capital Fund	82,342	-
	<u>\$ 307,939</u>	<u>\$ 307,939</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year. Additionally, an interfund was created for the Statutory Excess in the Animal Control Trust Fund Reserve that is due over to Current Fund. Also, grant receipts for General Capital Fund ordinances were received by State and Federal Grant Fund and Current Fund.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 7. Interfund Receivables, Payables and Transfers (continued)

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 23,851	\$ 147,342
State and Federal Grant Fund	140,718	17,613
Animal Control Trust	2,771	6,238
Trust Other Fund	3,853	-
	<u>\$ 171,193</u>	<u>\$ 171,193</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 2,422,656	\$ -	\$ 1,103,556	\$ 1,319,100
Buildings and Improvements	1,017,099	1,266,801	-	2,283,900
Vehicles	2,077,368	82,032	-	2,159,400
Machinery & Equipment	892,513	-	38,560	853,953
	<u>\$ 6,409,636</u>	<u>\$ 1,348,833</u>	<u>\$ 1,142,116</u>	<u>\$ 6,616,353</u>

*Note – The above additions and deletions are adjustments to agree to the independent appraisal performed as of December 31, 2018.

Note 9. 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 <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

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 1/55th 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 1/60th 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 fiscal year 2018, 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

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

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. For the year ended December 31, 2018, the Township's contractually required contribution to PERS plan was \$43,118.

Components of Net Pension Liability - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$853,515. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.0043348700% which was an increase of 0.0000392858% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 279,700	\$ 392,235
Deferred Inflows of Resources	512,389	529,791
Net Pension Liability	853,515	999,943
Township's portion of the Plan's total net pension Liability	0.0043349%	0.0042956%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$(8,176). This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$43,118 to the plan in 2018.

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

	Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 16,277	\$ 4,401
Changes of Assumptions	140,645	272,909
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	8,006
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	122,778	227,073
	\$ 279,700	\$ 512,389

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow 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	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
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	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
 Changes in Proportion and Differences between 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
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending Dec 31,</u>	<u>Amount</u>
2019	\$ (59,442)
2020	(30,080.00)
2021	(58,839.00)
2022	(70,190.00)
2023	<u>(14,138.00)</u>
	 <u>\$ (232,689)</u>

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
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 2012 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, 2017 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 (7.00% at June 30, 2018) 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 PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 1,073,196	\$ 853,514	\$ 669,215

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 <http://www.nj.gov/treasury/pensions/financial-reports.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 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

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

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

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 2018, 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. For the year ended December 31, 2018, the Township’s contractually required contributions to PFRS plan was \$115,590.

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

Net Pension Liability and Pension Expense - At December 31, 2018 the Township’s proportionate share of the PFRS net pension liability was 1,599,885. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2018. The Township’s proportion measured as of June 30, 2018, was 0.0118232819%, which was an increase of 0.0017542264% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 383,413	\$ 234,094
Deferred Inflows of Resources	797,253	779,013
Net Pension Liability	1,599,885	1,554,468
Township's portion of the Plan's total net pension Liability	0.01182328%	0.01006906%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Township’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$29,927. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$115,590 to the plan in 2018.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 16,277	\$ 6,621
Changes of Assumptions	137,329	410,023
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	8,753
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>229,807</u>	<u>371,856</u>
	<u>\$ 383,413</u>	<u>\$ 797,253</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow 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
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

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 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 PFRS net pension liability attributable to the Township is \$217,318 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township'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, 2018 was 0.0118232819%, which was an increase of 0.0017542264% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 1,599,885
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the	217,318
	\$ 1,817,203

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$25,741.

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:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. 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 2012 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 2012 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, 2017 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 (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. 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 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 2,141,248	\$ 1,599,885	\$ 1,150,237
State of New Jersey's Proportionate Share of Net Pension Liability associated with the	290,853	217,318	156,241
	\$ 2,432,101	\$ 1,817,203	\$ 1,306,478

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

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 6,480,000	\$ 6,383,750	\$ 4,487,750
	<hr/>	<hr/>	<hr/>
Total Debt Issued	6,480,000	6,383,750	4,487,750
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	642,978	2,673,820
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	-	642,978	2,673,820
	<hr/>	<hr/>	<hr/>
Total Gross Debt	\$ 6,480,000	\$ 7,026,728	\$ 7,161,570
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes			
Reserve for Debt Service	-	-	-
	<hr/>	<hr/>	<hr/>
Total Deductions	-	-	-
	<hr/>	<hr/>	<hr/>
Total Net Debt	\$ 6,480,000	\$ 7,026,728	\$ 7,161,570
	<hr/>	<hr/>	<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
Regional School Debt	7,515,760	7,515,760	-
General Debt	6,480,000	-	6,480,000
	<hr/>	<hr/>	<hr/>
	\$ 13,995,760	\$ 7,515,760	\$ 6,480,000
	<hr/>	<hr/>	<hr/>

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Municipal Debt (continued)

Net Debt \$6,480,000 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$425,435,760, equals 1.523%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	14,890,252
Net Debt		6,480,000
 Remaining Borrowing Power	 \$	 8,410,252

General Debt

A. Serial Bonds Payable

On June 15, 1999 the Township issued \$2,520,000 of General Obligation Bonds, 1999 Series A. The General Obligation Bonds were issued at a fixed interest rate of 5.20% and mature on June 15, 2019.

On August 1, 2018 the Township issued \$6,300,000 of General Obligation Bonds, 2018 Series. The General Obligation Bonds were issued at interest rates from 4.00% of 5.00% and mature on August 1, 2036.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 435,000	\$ 266,621	\$ 701,621
2020	245,000	279,950	524,950
2021	250,000	267,700	517,700
2022	260,000	255,200	515,200
2023	275,000	242,200	517,200
2024-2028	1,585,000	991,250	2,576,250
2029-2033	2,005,000	569,600	2,574,600
2034-2036	1,425,000	115,200	1,540,200
	 \$ 6,480,000	 \$ 2,987,721	 \$ 9,467,721

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Municipal Debt (continued)

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 355,000	\$ 6,300,000	\$ 175,000	\$ 6,480,000	\$ 435,000
Bond Anticipation Notes	6,028,750	5,899,750	11,928,500	-	-
	<u>\$ 6,383,750</u>	<u>\$ 12,199,750</u>	<u>\$ 12,103,500</u>	<u>\$ 6,480,000</u>	<u>\$ 435,000</u>

Note 11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2018</u>	2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 7,680	\$ 2,560	\$ 5,120

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	Balance, December 31,	
	<u>2018</u>	<u>2017</u>
Total Balance of Local Tax	\$ 1,514,188	\$ 1,407,292
Deferred Taxes	<u>1,514,188</u>	<u>1,352,644</u>
Local Tax Payable	<u>\$ -</u>	<u>\$ 54,648</u>
<u>Regional Tax</u>	Balance, December 31,	
	<u>2018</u>	<u>2017</u>
Total Balance of Regional Tax	\$ 1,467,390	\$ 1,515,716
Deferred Taxes	<u>1,447,595</u>	<u>1,441,070</u>
Regional Tax Payable	<u>\$ 19,795</u>	<u>\$ 74,646</u>

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 13. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township’s liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$9,628 at December 31, 2018.

Note 14. 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.

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage

Worker’s Compensation	300,000.00
General Liability	300,000.00
Employer’s Liability	300,000.00
Auto Liability	300,000.00
Property Damage	125,000,000.00
Property/Boiler and Machinery	125,000,000.00
Auto Physical Damage	125,000,000.00
Employee Dishonesty Liability	1,000,000.00
Environmental Impairment Liability	1,000,000.00

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds’ actuaries. The Fund publishes its own financial report for the year ended December 31, 2018 which can be obtained on the Fund’s website.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Direct Method”. Under this plan, the Township is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. The amounts paid for the years ended December 31, 2018 and 2017 were \$6,248 and \$6,634, respectively.

Note 15. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 15. Contingencies (continued)

and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

Note 16. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 16. Postemployment Benefits Other Than Pensions

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 16. Postemployment Benefits Other Than Pensions

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$3,061,437.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.049268%, which was an increase of 0.006157% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 3,061,437.00

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$92,673.00.

**TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 25, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

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, 2018**

		CURRENT
Balance December 31, 2017	\$	1,583,206
Increased by Receipts:		
Tax Collector	\$	9,063,795
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions		40,250
Due Animal Control		6,238
Miscellaneous Revenue Not Anticipated		108,184
Due State - DCA Training Fees		7,954
Due State - Marriages License Fees		525
Reserve for JIF Safety Program		4,357
Revenue Accounts Receivable		1,509,140
Unappropriated Grants		15,160
Federal & State Grants Receivable		60,000
Total Receipts		10,815,603
Total Receipts		12,398,809
Decreased by Disbursements:		
2018 Budget Appropriations	2,946,033	
2017 Appropriation Reserves	102,117	
Tax Overpayments - Refunds	10,310	
County Taxes	1,717,138	
County Share of Added & Omitted Taxes	30,978	
Local District School Tax	2,921,521	
Regional School Taxes	2,943,515	
Reserve for JIF Safety Program	3,893	
Due State - DCA Training Fees	8,842	
Due State - Marriages License Fees	725	
Due to Trust Other	3,853	
Reserve for Codification of Ordinances	3,840	
Prior Year Refunds	944	
Reserve for Federal & State Grant Funds - Appropriated	268,737	
Total Disbursements		10,962,446
Balance December 31, 2018	\$	1,436,363

**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, 2018**

Balance December 31, 2017		\$ -
Increased by:		
Taxes Receivable	\$ 8,932,927	
Tax Overpayments	19,000	
Interest & Costs on Taxes	34,773	
Prepaid Taxes	77,095	9,063,795
Subtotal		9,063,795
Decreased by Disbursements:		
Deposits Directly to Treasurer Bank Account		9,063,795
Balance December 31, 2018		<u>\$ -</u>

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

OFFICE	AMOUNT
Tax Collector	\$ 50
Municipal Court	300
Construction Official	50
Township Clerk	150
Total	<u>\$ 550</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, 2018**

Balance December 31, 2017		\$ (2,201)
Increased by:		
Senior Citizen & Veteran Deductions per Tax Billing	\$ 40,000	
Deductions Allowed by Tax Collector - 2018 Taxes	500	
Deductions Disallowed by Tax Collector - 2018 Taxes	(500)	
Deductions Disallowed by Tax Collector - Prior Year Taxes	(250)	
	<u>39,750</u>	
Subtotal		37,549
Decreased by:		
Collections		<u>40,250</u>
Balance December 31, 2018		<u><u>\$ (2,701)</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2018**

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED TAXES	COLLECTIONS 2017	2018	DUE FROM STATE OF NEW JERSEY	CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2018
Arrears 2017	\$ 10,516	\$ -	\$ -	\$ -	10,516	\$ -	\$ -	\$ -	\$ -
	150,578	-	-	-	147,834	(250)	-	2,994	-
Total	161,094	-	-	-	158,350	(250)	-	2,994	-
2018	-	9,150,178	100,540	222,479	8,816,978	40,000	5,615	7,524	158,122
Balance	\$ 161,094	\$ 9,150,178	\$ 100,540	\$ 222,479	\$ 8,975,328	\$ 39,750	\$ 5,615	\$ 10,518	\$ 158,122

Cash Receipts	\$ 8,951,927
Overpayments Created	(19,000)
Overpayments Applied	42,401
	<u>\$ 8,975,328</u>

ANALYSIS OF 2018 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 9,116,285
Added & Omitted Taxes (54.4-63.1 et seq.)	134,433
	<u>\$ 9,250,718</u>
Tax Levy:	
Regional School Tax	\$ 2,895,189
Local District School Tax	3,028,417
County Taxes:	
County Tax	\$ 1,479,304
County Library Tax	130,511
Open Space	107,323
Due County:	
Added & Omitted Taxes (R.S. 54.4-63.1 et seq)	19,020
Total County Taxes	<u>1,736,158</u>
Local Tax for Municipal Purpose	1,509,000
Add: Additional Tax Levied	81,954
Local Tax for Municipal Purposes Levied	<u>1,590,954</u>
Total	<u>\$ 9,250,718</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	27,628
Increased by:			
Interest & Costs on Taxes		\$	734
Transfer from Taxes Receivable			10,518
			11,252
Balance December 31, 2018		\$	38,880

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2018
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,342	\$ 5,342	\$ -
Other	-	18,021	18,021	-
Fees & Permits	-	184,684	184,684	-
State of New Jersey:				
Energy Receipt Taxes	-	765,714	765,714	-
Interlocal Service Agreement:				
Chesterfield Court Fees	-	118,822	118,822	-
Cablevision Lease/Tower Rental	-	47,207	47,207	-
Interest on Investments	-	3,199	3,199	-
Construction Code Official:				
Fees & Permits	-	120,036	120,036	-
Municipal Court:				
Fines & Costs	9,818	147,218	149,203	7,833
Interest & Costs on Taxes	-	34,773	34,773	-
Transfer of Reserves from Municipal Open				
Space Trust Fund for Debt Service	-	58,562	58,562	-
Premiums on Notes	-	38,350	38,350	-
Total	\$ 9,818	\$ 1,541,928	\$ 1,543,913	\$ 7,833
Cash Receipts			\$ 1,509,140	
Collector			34,773	
Total			\$ 1,543,913	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
Salary & Wages:				
Police	\$ 1,174	\$ 55,674	\$ 43,654	\$ 12,020
Other Expenses:				
Municipal Clerk	3,444	444	10	434
Financial Administration	856	856	842	14
Collection of Taxes	44	2,544	2,205	339
Engineering Services & Costs	1,252	1,252	1,249	3
Planning & Zoning Board	2,437	2,437	1,384	1,053
Medical Opt Out Payments	1,200	1,200	1,200	-
Police	5,371	5,371	5,359	12
Aid to Volunteer Fire Company	7,718	7,718	7,293	425
Streets & Roads	23,689	23,689	23,096	593
Waste Facility	1,094	3,094	2,461	633
Public Buildings & Grounds	2,412	2,412	2,334	78
Vehicle Maintenance	4,333	4,333	660	3,673
Parks & Playgrounds	590	590	500	90
Electric	3,652	3,652	1,498	2,154
Street Lighting	2,826	2,826	2,118	708
Telephone	498	498	497	1
Gasoline	1	1,401	1,346	55
Landfill Tipping Fees	291	2,791	2,727	64
Recycling Tax	749	749	748	1
Municipal Court - North Hanover	1,383	1,383	336	1,047
Municipal Court - Chesterfield	6,941	6,941	600	6,341
All Other Accounts - No Changes	76,105	16,205	-	16,205
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 148,060	\$ 148,060	\$ 102,117	\$ 45,943
	<hr/>	<hr/>	<hr/>	<hr/>
2017 Appropriation Reserves	\$ 105,906			
2017 Encumbrances	42,154			
	<hr/>			
Total	\$ 148,060			
	<hr/>			

Cash Disbursements	<hr/>
	\$ 102,117
	<hr/>
	\$ 102,117
	<hr/>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017 (2018 Taxes)		\$ 255,119
Increased by:		
Collection - 2019 Taxes		<u>77,095</u>
Subtotal		332,214
Decreased by:		
Applied to 2018 Taxes Receivable	\$ 222,479	
Transferred to Tax Overpayments	<u>32,640</u>	
		<u>255,119</u>
Balance December 31, 2018 (2019 Taxes)		<u><u>\$ 77,095</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 6,345
Increased by:		
Overpayments Created	\$ 19,000	
Transferred from Prepaid Taxes	<u>32,640</u>	
		<u>51,640</u>
Subtotal		57,985
Decreased by:		
Applied to 2018 Taxes	42,401	
Refunded	<u>10,310</u>	
		<u>52,711</u>
Balance December 31, 2018		<u><u>\$ 5,274</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	230
Increased by:		
2018 Levy:		
County Tax	\$	1,479,304
County Library Tax		130,511
County Open Space Tax		107,323
		1,717,138
Subtotal		1,717,368
Decreased by:		
Payments		1,717,138
Balance December 31, 2018	\$	230

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	30,978
Increase by County Share of 2018 Levy:		
Added (R.S. 54:4-63.1 et seq.)		19,020
Subtotal		49,998
Decreased by:		
Payments:		
Added Taxes (2017)		30,978
Balance December 31, 2018	\$	19,020

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		
School Tax Payable	\$ 54,648	
School Tax Deferred	<u>1,352,644</u>	\$ 1,407,292
Increased by Local District School's Share of 2019 Levy:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>3,028,417</u>
Subtotal		4,435,709
Decreased by Payments:		
Payments		<u>2,921,521</u>
Balance December 31, 2018		
School Tax Payable	\$ -	
School Tax Deferred	<u>1,514,188</u>	<u>1,514,188</u>
Total		<u><u>\$ 1,514,188</u></u>
2018 Liability for Local District School Tax:		
Tax Paid		\$ 2,921,521
Tax Payable December 31, 2018		<u>-</u>
Subtotal		2,921,521
Less: Tax Payable December 31, 2017		<u>54,648</u>
Amount Charged to 2018 Operations		<u><u>\$ 2,866,873</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		
School Tax Payable	\$ 74,646	
School Tax Deferred	<u>1,441,070</u>	\$ 1,515,716
Increased by Regional School's Share of 2019 Levy:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>2,895,189</u>
Subtotal		4,410,905
Decreased by Payments:		
Payments		<u>2,943,515</u>
Balance December 31, 2018		
School Tax Payable	\$ 19,795	
School Tax Deferred	<u>1,447,595</u>	
Total		<u><u>\$ 1,467,390</u></u>
2018 Liability for Regional School Tax:		
Tax Paid		\$ 2,943,515
Tax Payable December 31, 2018		<u>19,795</u>
Subtotal		2,963,310
Less: Tax Payable December 31, 2017		<u>74,646</u>
Amount Charged to 2018 Operations		<u><u>\$ 2,888,664</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 and 2017

\$ 3,410

**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, 2018**

Balance December 31, 2018 and 2017 \$ 31,453

EXHIBIT A-20

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES
FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

PROGRAM	BALANCE DECEMBER 31, 2017	2018 REVENUE REALIZED	RECEIVED	BALANCE DECEMBER 31, 2018
Federal Grants:				
Body Armor Replacement Fund	\$ 5,288	\$ 1,303	\$ -	\$ 6,591
Total	<u>5,288</u>	<u>1,303</u>	<u>-</u>	<u>6,591</u>
State Grants:				
Transportation Trust Fund				
Discretionary Aid Program	2,419	-	-	2,419
DOT Grant	48,457	-	-	48,457
DOT Grant - Stewart Road	17,451	-	-	17,451
DOT Grant - Schoolhouse Road	-	235,000	-	235,000
Stop Violence Against Women	777	-	-	777
Safe & Secure Communities	60,000	30,000	60,000	30,000
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
Recycling Tonnage Grant	-	12,932	12,932	-
SLAHEOP Grant	2,406	-	-	2,406
Stormwater Regulation Program	3,750	-	-	3,750
State Agriculture Development Committee (SADC) Planning Assistance Grant	20,000	-	-	20,000
Burlington County Recreation Trust Grant	-	200,000	-	200,000
Polling Place Grant	3,841	-	-	3,841
Clean Communities Grant	-	15,850	15,850	-
NJ DOT - Jacobstown/Ameystown Rd - Phase II	42,599	-	-	42,599
Total State Grants	<u>268,699</u>	<u>493,782</u>	<u>88,782</u>	<u>673,699</u>
Other Grants:				
Burlington County Parks Grant - Phase II	100	-	-	100
Total Other Grants	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total	<u>\$ 274,087</u>	<u>\$ 495,085</u>	<u>\$ 88,782</u>	<u>\$ 680,390</u>

Cash Receipts	\$ 60,000
Transferred from Unappropriated	<u>28,782</u>
Total	<u>\$ 88,782</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, 2018**

PROGRAM	BALANCE DECEMBER 31, 2017	2018 BUDGET REVENUE REALIZED	RECEIVED	BALANCE DECEMBER 31, 2018
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	15,850	15,850	15,160	15,160
Supplemental Fire Services	113	-	-	113
Recycling Tonnage Grant	12,932	12,932	-	-
Total State Grants	30,117	28,782	15,160	16,495
Total All Grants	\$ 30,121	\$ 28,782	\$ 15,160	\$ 16,499

**TOWNSHIP OF NORTH HANOVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018**

PROGRAM	BALANCE DECEMBER 31, 2017	TRANSFERRED FROM 2018 BUDGET APPROPRIATION	PRIOR YEAR ENCUMBRANCES	PAID OR CHARGED	BALANCE DECEMBER 31, 2018
Federal Grants:					
COPS Universal Program	\$ 2,881	\$ -	\$ -	\$ 2,422	\$ 459
Small Cities Block Grant	27	-	-	-	27
Body Armor Replacement Program	555	-	-	-	555
Body Armor Replacement Program	5,126	1,303	-	4,630	1,799
Total Federal Grants	8,589	1,303	-	7,052	2,840
State Grants:					
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
Burlington County Recreation Trust Grant	-	200,000	-	180,935	19,065
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	-	12,932	-	4,133	8,799
SLAHEOP Grant	2,406	-	-	-	2,406
Drunk Driving Enforcement Fund	11,180	-	-	500	10,680
Smart Growth Grant	15,000	-	-	-	15,000
Safe & Secure Communities Program	1,078	30,000	-	28,394	2,684
Polling Place Grant	3,841	-	-	-	3,841
Clean Communities Grant	51,706	15,850	3,000	23,350	47,206
NJ DOT - Jacobstown/Ameystown Rd - Phase II	32,995	-	-	-	32,995
NJ DOT - School House Road	-	235,000	-	7,853	227,147
Total State Grants	203,136	493,782	3,000	245,165	454,753
Municipal Share/ Local:					
Safe & Secure Communities Program	-	35,245	-	35,245	-
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555	-	-	-	555
Municipal Alliance on Alcoholism & Drug Abuse	500	-	-	-	500
Total Local Grants	1,055	35,245	-	35,245	1,055
Total All Grants	\$ 212,780	\$ 530,330	\$ 3,000	\$ 287,462	\$ 458,648

Cash Disbursements	\$ 268,737
Encumbrances	18,725
	<u>\$ 287,462</u>

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, 2018**

	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER FUNDS</u>
Balance December 31, 2017	\$ 14,540	\$ 1,445,679
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 4,300	\$ -
Due State of New Jersey - Dog License Fees	628	-
Reserve for Escrow Deposits	-	11,167
Reserve for Affordable Housing	-	7,056
Reserve for Payroll	-	1,448,133
Reserve for Recreation	-	43,753
Reserve for Public Defender Fee	-	3,663
Reserve for Municipal Open Space	-	569
Reserve for Special Law Enforcement	-	7,335
Due to Current Fund	-	43,127
	<u>4,928</u>	<u>1,564,803</u>
Total Receipts		
Subtotal	<u>19,468</u>	<u>3,010,482</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	1,416	-
Due State of New Jersey - Dog License Fees	628	-
Due to Current Fund	6,238	43,021
Reserve for Escrow Deposits	-	308,227
Reserve for Affordable Housing	-	12,788
Reserve for Payroll	-	1,438,058
Reserve for Public Defender Fee	-	800
Reserve for Recreation	-	43,109
Reserve for Municipal Open Space	-	58,562
	<u>8,282</u>	<u>1,904,565</u>
Total Disbursements		
Balance December 31, 2018	<u>\$ 11,186</u>	<u>\$ 1,105,917</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, 2018**

Balance December 31, 2017		\$ 12,700
Increased by:		
Interest	\$ 11	
Reserve for Tax Title Lien Redemption	80,404	
Reserve for Tax Premium Redemption	<u>6,011</u>	
		<u>86,426</u>
Subtotal		99,126
Decreased by:		
Refund Lien Redemption	40,936	
Refund Premium	10,911	
Interest to Current	<u>11</u>	
		<u>51,858</u>
Balance December 31, 2018		<u><u>\$ 47,268</u></u>
	Tax Premiums	\$ 7,800
	Tax Title Liens	<u>39,468</u>
		<u><u>\$ 47,268</u></u>

**TRUST OTHER FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 40,262
Increase by:		
Receipts		<u>46,874</u>
Subtotal		87,136
Decreased by:		
Disbursements		<u>43,021</u>
Balance December 31, 2018		<u><u>\$ 44,115</u></u>

**TOWNSHIP OF NORTH HANOVER
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	8,297
Increased by:			
Collections:			
Dog License Fees Collected by Clerk	4,300		
Due to State of New Jersey	<u>628</u>		
			<u>4,928</u>
Subtotal			13,225
Decreased by:			
Expenditures Under R.S.4:19-15.11- Cash	\$ 1,416		
Due to State of New Jersey	628		
Statutory Excess Due to Current Fund	<u>2,771</u>		
			<u>4,815</u>
Balance December 31, 2018		<u>\$</u>	<u>8,410</u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2017	\$ 4,238
2016	<u>4,172</u>
Total	<u>\$ 8,410</u>

**TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	608,892
Increased by:			
Interest			<u>569</u>
Subtotal			609,461
Decreased by:			
Anticipated Revenue Current Fund - Debt Service			<u>58,562</u>
Balance December 31, 2018		<u>\$</u>	<u>550,899</u>

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 562,648
Increased by:	
Interest Earned & Escrow Deposits	<u>11,167</u>
Subtotal	573,815
Decreased by:	
Refunds or Payments	<u>308,227</u>
Balance December 31, 2018	<u><u>\$ 265,588</u></u>

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 111,596
Increased by:	
Affordable Housing Fees	<u>7,056</u>
Subtotal	118,652
Decreased by:	
Disbursements	<u>12,788</u>
Balance December 31, 2018	<u><u>\$ 105,864</u></u>

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR PAYROLL
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 24,383
Increased by:	
Payroll	<u>1,448,133</u>
Subtotal	1,472,516
Decreased by:	
Payroll Expenditures	<u>1,438,058</u>
Balance December 31, 2018	<u><u>\$ 34,458</u></u>

ANALYSIS OF BALANCE

Dental/Health	\$ 13,888
PERS	5,419
PFRS	9,589
DCRP Retirement	1,283
Unallocated Reserve	<u>4,279</u>
Total	<u><u>\$ 34,458</u></u>

**SCHEDULE OF RESERVE FOR RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 136,434
Increased by:	
Receipts	<u>43,753</u>
Subtotal	180,187
Decreased by:	
Disbursements	<u>43,109</u>
Balance December 31, 2018	<u><u>\$ 137,078</u></u>

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR COUNTY FAIR
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-10

Balance December 31, 2018 and 2017	<u>\$ 7,545</u>
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**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-11

Balance December 31, 2017	\$ 9,999
Increased by:	
Receipts - Fees Collected by Court	<u>3,663</u>
Subtotal	13,662
Decreased by:	
Disbursements - Expenditures	<u>800</u>
Balance December 31, 2018	<u>\$ 12,862</u>

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-12

Balance, December 31, 2018 and 2017	<u>\$ 465</u>
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**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-13

Balance, December 31, 2018 and 2017 \$ 350

**SCHEDULE OF RESERVE FOR CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-14

Balance, December 31, 2018 and 2017 \$ 2,606

**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-15

Balance, December 31, 2018 and 2017 \$ 950

**SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXHIBIT B-16

Balance December 31, 2017 \$ -

Increased by:

Receipts 7,335

Balance December 31, 2018 \$ 7,335

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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, 2018**

Balance December 31, 2017		\$ 1,023,046
Increased by Receipts:		
Serial Bonds Issued	\$ 6,300,000	
Bond Premiums (Net of COI)	692,728	
Reserve for Fire Equipment	25,000	
Premium on Notes to Surplus	15,694	
Premium on Bonds to Surplus	1,328	
Note Proceeds	5,899,750	
	<u>12,934,500</u>	<u>12,934,500</u>
Subtotal		13,957,546
Decreased by Disbursements:		
Notes	11,799,500	
Capital Surplus Anticipated in Current Fund	38,350	
Improvement Authorizations	1,491,051	
	<u>13,328,901</u>	<u>13,328,901</u>
Balance December 31, 2018		<u>\$ 628,645</u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	RECEIPTS			DISBURSEMENTS			TRANSFERS		BALANCE DECEMBER 31, 2018
		SERIAL BONDS ISSUED	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS/ BANS	FROM	TO			
Capital Improvement Fund	\$ 46,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,561	
Reserve for Acquisition of Land	500	-	-	-	-	-	-	-	500	
Reserve for Fire Equipment	370	-	25,000	-	-	25,000	-	-	370	
Capital Surplus	38,942	-	17,022	-	38,350	-	-	-	17,614	
Due Current Fund	(30,000)	-	-	-	-	-	-	-	(30,000)	
Due Federal & State Grant Fund	(52,342)	-	-	-	-	-	-	-	(52,342)	
DOT Grant Receivable	(150,701)	-	-	-	-	-	-	-	(150,701)	
Reserve for Encumbrance	119,164	-	-	-	-	119,164	-	-	-	
Accounts Receivable	(2,306)	-	-	-	-	-	-	-	(2,306)	
ORDINANCE										
<u>NUMBER</u>										
1997-16	Feasibility Study for Improvement to Municipal Building and Replacement of Heating System	1,862	-	-	-	-	-	-	-	1,862
1999-04	Various Capital Improvements	9,196	-	-	-	-	-	-	-	9,196
2001-03	Capital Improvements & Purchase Equipment	2,594	-	2,594	-	-	-	-	-	-
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)	23,320	-	-	-	-	-	-	4,106
2006-10	Purchase of Validator/Postage Machine	3,200	-	-	-	-	-	-	-	3,200
2009-21	Acquisition & Installation of Solar Panels	16,344	114,000	-	114,000	-	-	-	-	16,344
2009-22	Reconstruction of Schoolhouse Road Phase II	7,938	-	-	-	-	-	-	-	7,938
2011-05	Acquisition of Certain Real Property	1,567	81,300	-	81,300	-	-	-	-	1,567
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	2,165	42,750	-	-	845	-	-	45	1,365
2012-06	Acquisition & Installation of a Trash Compactor	540	11,400	-	11,400	-	-	-	-	540
2012-08	Resurfacing of Jacobstown-Armytown Roads	3,788	9,500	-	-	135	-	-	-	13,153
2013-05	Acquisition of a Tanker Truck	689	191,100	-	191,100	-	-	-	-	689
2013-09	Improvements to Schoolhouse Road Park	-	25,200	-	-	-	25,200	-	-	-
2015-04	Township Road Improvement Program	1,364,058	3,282,000	-	-	837,016	3,282,000	-	-	527,042
2016-07	Road Improvement Program & Various Other Purposes	(136,433)	2,527,000	-	-	0	2,152,000	-	2,490	162,779
2016-09	Municipal Park Improvements	(30,739)	31,658	-	-	78,278	-	-	-	919
2017-04	Various Improvements or Purposes	(147,692)	148,200	-	-	14,891	-	-	-	246
2017-05	Acquisition of an Ambulance	(23,000)	23,000	-	-	102,000	-	-	-	-
2017-06	Road Improvements - DOT	(17,895)	32,300	-	-	3,085	-	-	-	11,320
2018-01	Acquisition of a Fire Truck	-	450,000	-	-	452,207	-	-	-	22,793
Total	\$ 1,023,046	\$ 6,992,728	\$ 42,022	\$ 1,491,051	\$ 5,938,100	\$ 144,164	\$ 144,164	\$ 144,164	\$ 628,645	

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 355,000
Increased by:	
2018 Serial Bonds Issued	<u>6,300,000</u>
Subtotal	6,655,000
Decreased by:	
2018 Budget Appropriation to Pay Debt: General Serial Bonds	<u>175,000</u>
Balance December 31, 2018	<u><u>\$ 6,480,000</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	INCREASED BY IMPROVEMENT AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	FUNDED	BALANCE DECEMBER 31, 2018
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	\$ 23,320	\$ -	\$ -	\$ 23,320	\$ -
2009-21	Acquisition & Installation of Solar Panels	133,000	-	19,000	114,000	-
2011-05	Acquisition of Certain Real Property	108,375	-	27,075	81,300	-
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	49,875	-	7,125	42,750	-
2012-06	Acquisition & Installation of a Trash Compactor	13,300	-	1,900	11,400	-
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	-	9,500	-
2013-05	Acquisition of Tanker Truck	218,400	-	27,300	191,100	-
2013-09	Improvements to Schoolhouse Road Park	28,800	-	3,600	25,200	-
2015-04	Township Road Improvement Program	3,325,000	-	43,000	3,282,000	-
2016-07	Road Improvement Program & Various Other Purposes	2,527,000	-	-	2,527,000	-
2016-09	Municipal Park Improvements	31,658	-	-	31,658	-
2017-04	Various Improvements or Purposes	148,200	-	-	148,200	-
2017-05	Acquisition of Ambulance	23,000	-	-	23,000	-
2017-06	Road Improvements - DOT	32,300	-	-	32,300	-
2018-01	Acquisition of a Fire Truck	-	450,000	-	450,000	-
Total		\$ 6,671,728	\$ 450,000	\$ 129,000	\$ 6,992,728	\$ -
				Serial Bonds Issued	\$ 6,300,000	
				Premium on Bonds	692,728	
					<u>\$ 6,992,728</u>	

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2017		2018 AUTHORIZATIONS		RESERVES OR CAPITAL IMPROVEMENT FUND		TO FUTURE TAXATION-UNFUNDED	TRANSFER FROM ENCUMBRANCES	DISBURSED	BALANCE DECEMBER 31, 2018	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED	FUNDED	UNFUNDED				FUNDED	UNFUNDED
General Improvements:													
Feasibility Study for Improvement to Municipal & Replacement of Heating System	1997-16 8/28/1997	\$ 35,000	\$ 1,862	-	\$ -	\$ -	-	\$ -	-	-	\$ -	1,862	\$ -
Various Capital Improvements	1999-04 3/20/1999	1,590,000	9,196	-	-	-	-	-	-	-	-	9,196	-
Capital Improvements & Purchase Equipment	2001-03 5/10/2001	120,000	2,594	-	-	-	-	-	-	2,594	-	-	-
Acquisition of Farms for Farmland Preservation	2003-08 11/13/2003	320,000	13,890	-	-	-	-	-	-	-	-	13,890	-
Acquisition of Farms for Farmland Preservation & Various Capital Improvements	2006-06 5/28/2006	445,600	-	4,106	-	-	-	-	-	-	-	4,106	-
Purchase of Validator/Postage Machine	2006-10 8/24/2006	3,200	3,200	-	-	-	-	-	-	-	-	3,200	-
Acquisition & Installation of Solar Panels	2009-21 12/17/2009	200,000	-	16,344	-	-	-	-	-	-	-	16,344	-
Reconstruction of Schoolhouse Road Phase III	2009-22 12/17/2009	17,000	7,938	-	-	-	-	-	-	-	-	7,938	-
Acquisition of Certain Real Property	2011-05 11/15/2011	285,000	-	1,567	-	-	-	-	-	-	-	1,567	-
Acquisition of a Fire Vehicle & Installation of Equipment	2012-01 3/1/2012	75,000	-	2,165	-	-	-	-	45	845	-	1,365	-
Acquisition & Installation of a Trash Compactor	2012-06 7/16/2012	20,000	-	540	-	-	-	-	-	-	-	540	-
Resurfacing of Jacobstown-Armytown Roads	2012-08 12/6/2012	210,000	3,788	9,500	-	-	-	-	-	135	-	13,153	-
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	-	1,364,058	-	-	-	-	-	837,016	-	527,042	-
Road Improvement Program & Various Other Purposes	2016-07 5/5/2016	2,660,000	-	238,567	-	-	-	-	2,490	78,278	-	162,779	-
Municipal Park Improvements	2016-09 8/18/2016	120,000	-	919	-	-	-	-	-	-	-	919	-
Various Improvements or Purposes	2017-04 5/18/2017	156,000	-	508	-	-	-	-	14,629	14,891	-	246	-
Acquisition of Ambulance	2017-05 5/18/2017	102,000	-	-	-	-	-	-	102,000	102,000	-	-	-
Road Improvements - DOT	2017-06 5/18/2017	450,000	-	14,405	-	-	-	-	-	3,085	-	11,320	-
Purchase of Fire Truck	2018-01 2/15/2018	475,000	-	-	-	25,000	450,000	-	-	452,207	-	22,793	-
Total			\$ 42,468	\$ 1,653,368	\$ 25,000	\$ 450,000	\$ 119,164	\$ 1,491,051	\$ 798,949	\$ -	\$ -	\$ -	\$ -

Reserve for Fire Equipment \$ 25,000
 \$ 25,000

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 and 2017 \$ 46,561

**RESERVE FOR FIRE EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 370
Increased by:	
Receipts	<u>25,000</u>
Subtotal	25,370
Decreased by:	
Improvement Authorizations Funded	<u>25,000</u>
Balance December 31, 2018	<u><u>\$ 370</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASE	DECREASE	BALANCE DECEMBER 31, 2018
2009-21	Acquisition & Installation of Solar Panels	5/3/2012	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	\$ - 133,000	\$ 114,000 -	\$ 114,000 133,000	\$ - -
2011-05	Acquisition of Certain Real Property	12/15/2011	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 108,375	81,300 -	81,300 108,375	- -
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	5/3/2012	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 49,875	42,750 -	42,750 49,875	- -
2012-06	Acquisition & Installation of a Trash Compactor	12/15/2012	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 13,300	11,400 -	11,400 13,300	- -
2013-05	Acquisition of a Tanker Truck	9/4/2013	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 218,400	191,100 -	191,100 218,400	- -
2013-09	Improvements to Schoolhouse Road Park	12/30/2013	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 28,800	25,200 -	25,200 28,800	- -
2015-04	Township Road Improvement Program	10/28/2015	4/23/2018 4/25/2017	10/23/2018 4/24/2018	2.50% 2.25%	- 3,325,000	3,282,000 -	3,282,000 3,325,000	- -
2016-07	Road Improvement Program & Various Purposes	4/25/2017	4/25/2017 4/23/2018	4/24/2018 10/23/2018	2.25% 2.50%	2,152,000 -	- 2,152,000	2,152,000 2,152,000	- -
Total						\$ 6,028,750	\$ 5,899,750	\$ 11,928,500	\$ -
Renewals						\$ -	\$ 5,899,750	\$ 5,899,750	\$ -
Paid by Bonds						-	-	5,899,750	-
Paid by Budget						-	-	129,000	-
Total						\$ -	\$ 5,899,750	\$ 11,928,500	\$ -

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2017	SERIAL BONDS ISSUED	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
			December 31, 2018	AMOUNT					
General Bonds of 1999	6/15/99	\$ 2,520,000	6/15/19	180,000	5.20%	\$ 355,000	\$ -	175,000	\$ 180,000
BCBC Pooled Loan Revenue Bonds Series 2018	8/1/2018	6,300,000	8/1/19	255,000	4.00%				
			8/1/20	245,000	5.00%				
			8/1/21	250,000	5.00%				
			8/1/22	260,000	5.00%				
			8/1/23	275,000	5.00%				
			8/1/24	290,000	5.00%				
			8/1/25	300,000	5.00%				
			8/1/26	315,000	5.00%				
			8/1/27	330,000	5.00%				
			8/1/28	350,000	5.00%				
			8/1/29	365,000	4.00%				
			8/1/30	380,000	5.00%				
			8/1/31	400,000	5.00%				
8/1/32	420,000	5.00%							
8/1/33	440,000	4.00%							
8/1/34	460,000	4.00%							
8/1/35	475,000	4.00%							
8/1/36	490,000	4.00%							
			Total			\$ 355,000	\$ 6,300,000	\$ 175,000	\$ 6,480,000

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF BURLINGTON COUNTY PARKS GRANT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 and 2017

\$ 22,658

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	IMPROVEMENT AUTHORIZATIONS	SERIAL BONDS ISSUED	BALANCE DECEMBER 31, 2018
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	375,000	-	375,000	-
2016-09	Municipal Park Improvements	31,658	-	31,658	-
2017-04	Various Improvements or Purposes	148,200	-	148,200	-
2017-05	Acquisition of Ambulance	23,000	-	23,000	-
2017-06	Road Improvement Program - DOT	32,300	-	32,300	-
2018-01	Acquisition of a Fire Truck	-	450,000	450,000	-
Total		\$ 642,978	\$ 450,000	\$ 1,092,978	\$ -

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, 2018**

	BALANCE DECEMBER 31, 2017	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2018
General Fixed Assets:				
Land & Land Improvements	\$ 2,422,656	\$ -	\$ 1,103,556	\$ 1,319,100
Buildings	1,017,099	1,266,801	-	2,283,900
Vehicles	2,077,368	82,032	-	2,159,400
Machinery & Equipment	892,513	-	38,560	853,953
	<hr/>			
Total General Fixed Assets	\$ 6,409,636	\$ 1,348,833	\$ 1,142,116	\$ 6,616,353
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 Total Investments in General Fixed Assets	 \$ 6,409,636	 \$ 1,348,833	 \$ 1,142,116	 \$ 6,616,353
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TOWNSHIP OF NORTH HANOVER

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

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**TOWNSHIP OF NORTH HANOVER
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF NORTH HANOVER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding No. 2017-001

Condition:

The Township did not maintain a fixed asset accounting system in accordance with N.J.A.C. 5:30:5.6.

Current Status:

This finding has been corrected.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

**TOWNSHIP OF NORTH HANOVER
COUNTY OF BURLINGTON**

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Ronald DeBaecke	Mayor
Brendan O'Donnell	Deputy Mayor
Louis DeLorenzo	Committeeperson
Christopher Doyle	Committeeperson
John Kocubinski	Committeeperson
John A. Bruno, Jr.	Chief Financial Officer
Joseph Greene	Treasurer
Maryalice Picariello	Tax Collector, Municipal Clerk
Lois F. Downey	Municipal Judge
Rita Williams	Court Administrator
Theodore B. Wells	Chief of Police
Donald Kosul	Tax Assessor

All listed employees are covered by a Blanket Bond of \$1,000,000 of which \$50,000 is provided as part of the Burlington County Municipal Joint Insurance Fund and \$950,000 through the Municipal Excess Liability Joint Insurance Fund.

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

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 ended December 31, 2018.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for the year ended December 31, 2018.

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.

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

Collection of Interest on Delinquent Taxes and Assessments (continued)

The governing body on January 7th, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of North Hanover Township, County of Burlington, State of New Jersey, as follows:

- 1. Designated Municipal Officials are hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes, assessments or other charges/fees becoming delinquent after the due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after the due date, and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.*
- 2. Effective January 1, 2018, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.*
- 3. Any payments not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.”*

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA #473

Medford, New Jersey
July 25, 2019