

TOWNSHIP OF NORTH HANOVER

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2015**

**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, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of North Hanover, County of Burlington, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of North Hanover, County of Burlington, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the year then ended.

Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of North Hanover, County of Burlington, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and the related notes to financial statements, for the year ended December 31, 2015 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 fiscal year ended December 31, 2015 the Township of North Hanover adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary 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 financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the Township of North Hanover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of North Hanover's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Michael Holt", with a stylized flourish at the end.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
CR 473

June 16, 2016
Medford, New Jersey

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements 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 fiscal year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated June 16, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control Over Financial Reporting

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

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

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 Municipality's financial statements will not be prevented, or detected and corrected on a timely

basis. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No.'s 2015-001 and 2015-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No.'s 2015-001 and 2015-002.

Response to Findings


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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality'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 Municipality'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
No. CR473

June 16, 2016
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,083,650	\$ 1,006,599
Petty Cash	A	100	100
Change Funds	A-6	550	450
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	-	549
Total		<u>1,084,300</u>	<u>1,007,698</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	136,211	129,291
Tax Title Liens Receivable	A-9	19,915	66,173
Property Acquired for Taxes - (Assessed Valuation)	A-18	200,010	3,410
Revenue Accounts Receivable	A-10	6,501	6,379
Due from State & Federal Grant Fund	A	-	21,625
Due from Animal Control Trust	B	2,076	-
Due from Trust Other Fund	B	12,049	45,971
Total Receivable & Other Assets With Full Reserves		<u>376,762</u>	<u>272,849</u>
Total Regular Fund		<u>1,461,062</u>	<u>1,280,547</u>
Federal & State Grant Fund:			
Due from Trust Other Fund	B	6,541	6,541
Due from Current Fund	A	7,871	-
Federal & State Grants Receivable	A-20	240,000	290,318
Total Federal & State Grants		<u>254,412</u>	<u>296,859</u>
		<u>\$ 1,715,474</u>	<u>\$ 1,577,406</u>

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

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2015	2014
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 52,333	\$ 63,165
Accounts Payable	A	4,709	4,475
Reserve for Encumbrances	A-3	29,948	20,913
Prepaid Taxes	A-12	108,888	73,938
Tax Overpayments	A-13	6,042	18,020
Due County for Added & Omitted Taxes	A-15	16,433	36,859
Regional School Tax Payable	A-17	80,213	79,374
Municipal Open Space Tax Payable	A-19, B	31,356	31,356
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	951	-
Reserve for Preparation of Master Plan	A	810	810
Reserve for JIF Safety Program	A	1,868	-
Reserve for Revaluation	A	8,471	8,471
Due to Federal & State Grant Fund	A	7,871	-
Due to Trust Other - Snow Removal	B	-	14,353
Due to Animal Control Trust	B	-	109
Total Liabilities		<u>349,893</u>	<u>351,843</u>
Reserve for Receivables & Other Assets	A	376,762	272,849
Fund Balance	A-1	<u>734,407</u>	<u>655,855</u>
Total Regular Fund		<u>1,461,062</u>	<u>1,280,547</u>
State & Federal Grants:			
Due to Current Fund	A	-	21,625
Encumbrance Payable	A-22	600	1,505
Reserve for Federal & State Grants:			
Unappropriated	A-21	16,436	19,462
Appropriated	A-22	<u>237,376</u>	<u>254,267</u>
Total State & Federal Grants		<u>254,412</u>	<u>296,859</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,715,474</u>	<u>\$ 1,577,406</u>

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

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 515,250	\$ 462,750
Miscellaneous Revenue Anticipated	1,556,617	1,786,923
Receipts From Delinquent Taxes	138,322	201,082
Receipts from Current Taxes	8,680,053	8,227,574
Nonbudget Revenues	85,901	104,872
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	38,551	58,031
Other Credits	3,225	-
Interfunds Liquidated	55,656	23,846
Total Income	<u>11,073,575</u>	<u>10,865,078</u>
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,056,499	1,112,161
Other Expenses	1,195,551	1,062,134
Deferred Charges & Statutory Expenditures - Municipal	240,852	262,504
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	143,250	144,992
Other Expenses	88,782	355,098
Municipal Debt Service	295,526	269,355
Capital Improvements	185,000	10,000
Deferred Charges & Statutory Expenditures - Municipal	-	23,400
County Taxes	1,661,419	1,530,197
Due County for Added and Omitted Taxes	16,433	36,859
Local District School Taxes	2,613,052	2,406,412
Regional School Taxes	2,851,911	2,780,951
Municipal Open Space Tax	213,183	214,917
Creation of Other Receivable	-	10,385
Interfunds - Advanced	9,015	13,639
Total Expenditures	<u>10,570,473</u>	<u>10,233,004</u>
Excess in Revenue	<u>503,102</u>	<u>632,074</u>
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Were Funded By a Current Year Capital Ordinance (2015-04)	<u>90,700</u>	<u>-</u>
Statutory Excess to Fund Balance	593,802	
Fund Balance January 1	<u>655,855</u>	<u>486,531</u>
Total	1,249,657	1,118,605
Decreased by:		
Utilized as Anticipated Revenue	<u>515,250</u>	<u>462,750</u>
Fund Balance December 31	<u><u>\$ 734,407</u></u>	<u><u>\$ 655,855</u></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, 2015**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 515,250	\$ -	\$ 515,250	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,075	-	3,380	(695)
Other	15,000	-	14,443	(557)
Fees & Permits	190,000	-	206,859	16,859
Fines & Costs:				
Municipal Court	110,000	-	84,566	(25,434)
Interest on Costs & Taxes	40,000	-	31,477	(8,523)
Interest on Investments & Deposits	505	-	2,065	1,560
Summer Recreation Program - North Hanover				
Board of Education	12,000	-	10,800	(1,200)
Communication Leases - Cable/Tower	35,000	-	39,427	4,427
Energy Tax Receipts	765,714	-	765,714	-
Uniform Construction Code Fees	37,500	-	90,440	52,940
Wrightstown Court Fees	8,000	-	14,053	6,053
Transfer of Reserves from Municipal Open				
Space Trust for Debt Service	90,241	-	90,241	-
Interlocal Service Agreement:				
Chesterfield Court Fees	75,000	-	134,807	59,807
School Resource Officer - BOE Reimbursement	15,000	-	19,000	4,000
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	4,661	-	4,661	-
Clean Communities Program	13,425	-	13,425	-
Safe & Secure Communities Program	30,000	-	30,000	-
Body Armor Replacement Grant Fund- State	1,259	-	1,259	-
Total Revenues	1,447,380		1,556,617	109,237
Receipts from Delinquent Taxes	120,000	-	138,322	18,322
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,289,011	-	1,456,856	167,845
Budget Totals	3,371,641		3,667,045	295,404
Nonbudget Revenues	-	-	85,901	85,901
Total	\$ 3,371,641	\$ -	\$ 3,752,946	\$ 381,305

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, 2015**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 8,680,053
Allocated to School, County & Local Open Space Taxes	<u>7,478,504</u>
Balance of Support of Municipal Budget Appropriations	1,201,549
Add: Appropriation "Reserve for Uncollected Taxes"	<u>255,307</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,456,856</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 138,322</u>
Fees & Permits - Other:	
Fees & Permits	\$ 2,705
Community Center	700
Dump Fees	53,877
Gun Permit	289
Land Use Application	5,100
Zoning Permits	775
Mobile Home Fees	<u>143,413</u>
Total	<u>\$ 206,859</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 19,816
Inspection of Motor Vehicles	4,112
Administrative Fee for Senior Citizens & Veterans	930
Cable Franchise Fee	37,495
Outside Police	12,885
Hotel/Motel Licenses	1,139
Sale of Solar Renewable Energy Credits	<u>9,524</u>
Total	<u>\$ 85,901</u>

TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	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	\$ 25,000	\$ 24,995	\$ -	\$ 5	\$ -	
Other Expenses	4,325	4,325	2,448	69	1,808	-	
Municipal Clerk:							
Salaries and Wages	53,100	53,100	52,158	-	942	-	
Other Expenses	7,745	8,945	8,944	-	1	-	
Financial Administration:							
Salaries and Wages	62,231	64,431	64,366	-	65	-	
Other Expenses	19,505	19,755	19,755	-	-	-	
Audit Services:							
Other Expenses	29,000	29,000	29,000	-	-	-	
Collection of Taxes:							
Salaries and Wages	17,600	27,100	26,932	-	168	-	
Other Expenses	6,648	9,148	8,999	146	3	-	
Assessment of Taxes:							
Salaries and Wages	24,350	24,350	24,162	-	188	-	
Other Expenses	4,500	4,500	3,710	-	790	-	
Legal Services & Costs:							
Other Expenses	12,500	27,200	27,185	-	15	-	
Engineering Services & Costs:							
Other Expenses	14,500	16,000	15,813	-	187	-	
2015 Road Program - Emergency	-	90,700	90,700	-	-	-	
Municipal Land Use Law (N.J.S. 40:55D-1):							
Planning & Zoning Board:							
Salaries and Wages	625	1,625	1,543	-	82	-	
Other Expenses	8,850	5,850	5,149	-	701	-	
Zoning Officer:							
Other Expenses	775	775	769	-	6	-	
Mobile Home Inspector:							
Other Expenses	200	200	200	-	-	-	
INSURANCE:							
Other Insurance Premiums	56,000	55,000	54,710	-	290	-	
Worker's Compensation Insurance	108,500	108,500	108,454	-	46	-	
Group Insurance Plan for Employees	221,466	223,966	223,286	-	680	-	
Medical Option Out Payments	15,000	10,000	10,000	-	-	-	
PUBLIC SAFETY:							
Police:							
Salaries and Wages	640,710	644,210	643,948	-	262	-	
Other Expenses	74,850	74,850	72,948	902	1,000	-	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - WITHIN "CAPS"						
Emergency Management Service:						
Other Expenses	1,250	1,250	1,185	-	65	-
Aid to Volunteer Fire Company:						
Jacobstown Volunteer Fire Company	59,100	53,100	39,484	10,332	3,284	-
Municipal Prosecutor:						
Salaries and Wages	2,600	2,650	2,627	-	23	-
Other Expenses	5,000	4,000	3,125	-	875	-
PUBLIC WORKS FUNCTIONS						
Public Works:						
Other Expenses	145,746	145,746	143,416	-	2,330	-
Sanitation:						
Waste Facility:						
Salaries and Wages	27,310	27,410	27,388	-	22	-
Other Expenses	27,200	27,200	24,388	74	2,738	-
Recycling:						
Other Expenses	100	100	-	-	100	-
Public Buildings & Grounds:						
Salaries and Wages	19,700	13,300	13,226	-	74	-
Other Expenses	36,550	36,550	35,872	610	68	-
Vehicle Maintenance:						
Other Expense	25,000	39,500	36,079	3,261	160	-
HEALTH & HUMAN SERVICES						
Board of Health:						
Other Expenses	50	50	50	-	-	-
Dog Regulation:						
Salaries and Wages	250	-	-	-	-	-
Other Expenses	1,000	1,250	1,200	-	50	-
PARKS & RECREATION FUNCTIONS:						
Parks & Playgrounds:						
Salaries and Wages	27,500	22,500	21,757	-	743	-
Other Expenses	26,871	26,871	25,574	200	1,097	-
Celebration of Public Events:						
Other Expenses	8,670	8,670	7,002	-	1,668	-
UTILITY EXPENSES & BULK PURCHASES:						
Electricity	22,800	22,800	19,723	1,581	1,496	-
Street Lighting	27,000	26,200	22,979	1,955	1,266	-
Telephone	17,400	18,100	18,082	-	18	-
Gas	8,500	6,000	4,975	342	683	-
Fuel Oil	1,700	1,700	1,414	-	286	-
Gasoline	45,500	31,000	30,802	-	198	-

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - WITHIN "CAPS"						
Municipal Court:						
Salaries and Wages	76,655	76,655	58,023	2,500	16,132	-
Other Expenses	9,300	9,300	5,919	1,966	1,415	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Landfill Tipping Fees						
Other Expenses	46,000	43,000	38,851	3,577	572	-
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	74,168	74,168	73,959	-	209	-
Other Expenses	1,950	4,450	4,269	-	181	-
Total Operations Within "CAPS	2,152,850	2,252,050	2,181,543	27,515	42,992	-
Detail:						
Salaries and Wages	1,051,799	1,056,499	1,035,084	2,500	18,915	-
Other Expenses	1,101,051	1,195,551	1,146,459	25,015	24,077	-
DEFERRED CHARGES & STATUTORY EXPENDITURES						
MUNICIPAL - WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	33,050	33,050	33,017	-	33	-
Social Security System (O.A.S.I)	91,104	84,104	83,891	-	213	-
Police & Fireman's Retirement System	116,398	116,398	116,398	-	-	-
Unemployment Compensation Insurance	7,800	6,300	6,159	-	141	-
Defined Contribution Retirement Program	1,000	1,000	1,000	-	-	-
Total Statutory Expenditures	249,352	240,852	240,465	-	387	-
Total General Appropriations Within "CAPS"	2,402,202	2,492,902	2,422,008	27,515	43,379	-
OPERATIONS EXCLUDED FROM "CAPS":						
Public Assistance	100	100	-	-	100	-
Recycling Tax Appropriations:						
Recycling Tax	4,800	4,800	4,585	-	215	-
Group Insurance Plan for Employees	6,734	6,734	6,734	-	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:						
Municipal Court:						
Salaries and Wages	78,005	78,005	71,856	-	6,149	-
Other Expenses	12,900	12,900	7,977	2,433	2,490	-

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, 2015**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	CANCELLED
OPERATIONS - EXCLUDED FROM "CAPS"					
Statutory Expenditures:					
Social Security System (O.A.S.I)	7,500	7,500	7,500	-	-
Contributions to Employees Retirement System	2,303	2,303	2,303	-	-
Unemployment Compensation Insurance	600	600	600	-	-
Group Insurance Plan for Employees	20,000	20,000	20,000	-	-
Municipal Prosecutor:					
Other Expenses	14,500	14,500	14,500	-	-
PUBLIC & PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:					
Clean Communities Program	13,425	13,425	13,425	-	-
Recycling Grant- State Share	4,661	4,661	4,661	-	-
Safe & Secure Communities Program:					
State Share	30,000	30,000	30,000	-	-
Township Share	35,245	35,245	35,245	-	-
Body Armor Replacement Grant- State	1,259	1,259	1,259	-	-
Total Operations	232,032	232,032	220,645	2,433	8,954
Total Operations Including Contingent	232,032	232,032	220,645	2,433	8,954
Detail:					
Salaries and Wages	143,250	143,250	137,101	-	6,149
Other Expenses	88,782	88,782	83,544	2,433	2,805
Capital Improvements:					
Capital Improvement Fund	185,000	185,000	185,000	-	-
Total Capital Improvements	185,000	185,000	185,000	-	-
Municipal Debt Service:					
Payment of Bond Principal	150,000	150,000	150,000	-	-
Payment of Bond Anticipation & Capital Notes	95,100	95,100	95,100	-	-
Interest on Bonds	40,000	40,000	39,260	-	740

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - EXCLUDED FROM "CAPS"						
Interest on Notes	12,000	12,000	11,166	-	-	834
Total Municipal Debt Service	297,100	297,100	295,526	-	-	1,574
Total General Appropriations for Municipal Services Excluded from "CAPS"	714,132	714,132	701,171	2,433	8,954	1,574
Subtotal General Appropriations Reserve for Uncollected Taxes	3,116,334	3,207,034	3,123,179	29,948	52,333	1,574
	255,307	255,307	255,307	-	-	-
Total General Appropriations	\$ 3,371,641	\$ 3,462,341	\$ 3,378,486	\$ 29,948	\$ 52,333	\$ 1,574
Emergency Appropriation Original Budget		\$ 90,700				
		3,371,641				
Total		\$ 3,462,341				
Reserve for State & Federal Grants Appropriated			\$ 84,590			
Deferred Charges			90,700			
Reserve for Uncollected Taxes Reimbursements			255,307			
Cash Disbursed			(41,686)			
			2,989,575			
Total			\$ 3,378,486			

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

**TOWNSHIP OF NORTH HANOVER
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Animal Control Trust Fund:			
Cash	B-1	\$ 8,143	\$ 5,694
Due from Current Fund	A	-	109
Total Animal Control Trust Fund		<u>8,143</u>	<u>5,803</u>
Other Funds:			
Cash - Treasurer	B-1	1,333,251	1,281,623
Cash - Collector	B-2	95,600	104,100
Due from Bank	B	235	235
Due from Municipal Court	B	7,579	7,579
Due from Current Fund - Snow Removal	A	-	14,353
Municipal Open Space Receivable	A	31,356	31,356
Total Other Funds		<u>1,468,021</u>	<u>1,439,246</u>
Total Assets		<u>\$ 1,476,164</u>	<u>\$ 1,445,049</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 6,062	\$ 5,798
Due to Current Fund	A	2,076	-
Due to State	B	5	5
Total Animal Control Trust Fund		<u>8,143</u>	<u>5,803</u>
Other Funds:			
Due to Current Fund	B-3,A	12,049	45,971
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Escrow Deposits	B-6	130,262	129,584
Reserve for Affordable Housing	B-7	131,690	143,234
Reserve for Payroll Deductions	B-8	10,199	26,452
Reserve for Recreation	B-9	99,026	99,230
Reserve for Public Defender Fee	B-11	1,862	8,351
Reserve for Fire Prevention Fines	B-13	350	350
Reserve for Citizens' Contributions for Future Municipal Purposes	B-14	2,606	2,606
Reserve for Tax Premiums	B-2	95,600	104,100
Reserve for Ambulance Fund Contributions	B-12	465	465
Reserve for Municipal Open Space	B-5	964,627	840,906
Reserve for Outside Police	B	2,516	6,875
Reserve for County Fair	B-10	7,545	7,545
Reserve for POAA	B	26	26
Reserve for Program Income - Municipal Alliance	B	682	682
Reserve for Unallocated Receipts	B	1,025	1,025
Reserve for Police	B-15	950	950
Reserve for Snow Removal	B-16	-	14,353
Total Other Funds		<u>1,468,021</u>	<u>1,439,246</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,476,164</u>	<u>\$ 1,445,049</u>

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

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Cash	C-1	\$ 3,535,302	\$ 99,592
Accounts Receivable	C-2	2,306	2,306
DOT Grant Receivable	C-2	18,811	18,811
Deferred Charges to Future Taxation - Funded	C-3	680,000	830,000
Deferred Charges to Future Taxation - Unfunded	C-4	4,121,570	891,670
		<u>8,357,989</u>	<u>1,842,379</u>
Total Assets		<u>\$ 8,357,989</u>	<u>\$ 1,842,379</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-8	\$ 680,000	\$ 830,000
Bond Anticipation Notes	C-7	4,088,750	858,850
Capital Improvement Fund	C-6	20,061	10,061
Improvement Authorizations:			
Funded	C-5	141,866	54,976
Unfunded	C-5	3,359,956	36,320
Reserve for:			
Capital Surplus	C-2	592	592
Encumbrances Payable	C-2	16,624	1,440
Payment of Debt Service (BAN's)	C-2	270	270
Fire Equipment	C-2	49,370	49,370
Acquisition of Land	C-2	500	500
		<u>8,357,989</u>	<u>1,842,379</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 8,357,989</u>	<u>\$ 1,842,379</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$32,820 and on December 31, 2014 was \$32,820.

**TOWNSHIP OF NORTH HANOVER
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	2015	2014
Land & Land Improvements	\$ 2,422,656	\$ 2,422,656
Buildings	1,017,099	1,017,099
Vehicles	1,959,890	1,959,890
Machinery & Equipment	885,113	885,113
Total	\$ 6,284,758	\$ 6,284,758
FUND BALANCE		
Investment in General Fixed Assets	\$ 6,284,758	\$ 6,284,758

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

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**TOWNSHIP OF NORTH HANOVER
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

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

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

Component Units

The Township of North Hanover had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61

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

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

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

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

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

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2015

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

Budgets and Budgetary Accounting - The Township of North Hanover must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 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. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

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

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

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of North Hanover School District and its share of the Northern Burlington County Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2013 and decreased by the amount deferred at December 31, 2014.

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.

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

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

Impact of Recently Issued Accounting Principles – *Adopted Accounting Pronouncements* – For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police Firemen’s Retirement System (PFRS).

Subsequent Events - The Township of North Hanover has evaluated subsequent events occurring after December 31, 2015 through the date of June 16, 2016, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2015 and reported at fair value are as follows:

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 2. Cash and Cash Equivalents (continued):

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 6,056,596
Total Deposits	<u>\$ 6,056,596</u>
Fund:	
Current Fund	\$ 1,084,300
Trust Other Fund	1,428,851
Animal Control Fund	8,143
General Capital Fund	<u>3,535,302</u>
Total	<u>\$ 6,056,596</u>

Custodial Credit Risk

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

However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2015, the Township’s bank balance of \$6,074,605 was insured or collateralized as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	1,199,836
Collateralized in the District’s Name Under GUDPA	<u>4,624,769</u>
Total	<u>\$6,074,605</u>

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 3. Property Taxes

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

Comparison of Tax Rate Information

	2015	2014	2013
Total Tax Rate	<u>\$2.073</u>	<u>\$1.952</u>	<u>\$1.873</u>
Apportionment of Tax Rate:			
Municipal	0.305	0.266	0.244
Municipal Open Space	0.049	0.049	0.049
County	0.326	0.321	0.335
County Library	0.031	0.030	0.031
County Open Space	0.039	0.014	0.015
Local School	0.641	0.600	0.546
Regional School	0.682	0.672	0.653

Net Valuation Taxable:

2015	<u>\$ 422,232,797</u>		
2014		<u>\$ 420,203,797</u>	
2013			<u>\$ 419,877,834</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2015	\$ 8,839,494	\$ 8,680,053	98.20%
2014	8,391,571	8,227,574	98.05%
2013	7,893,876	7,681,550	97.31%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2015	\$ 19,915	\$ 136,211	\$ 156,126	1.77%
2014	66,173	129,291	195,464	2.33%
2013	69,009	184,029	253,038	3.21%

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 4. Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2015	\$ 200,010
2014	3,410
2013	3,410

Note 5. Fund Balances Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2015	\$ 734,407	\$ 510,000	69.44%
2014	655,855	515,250	78.56%
2013	486,531	462,750	95.11%
2012	561,259	335,000	59.69%
2011	558,603	336,000	60.15%

Note 6. Interfund Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2015:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 14,125	\$ 39,227
State & Federal Grant Fund	14,412	-
Trust Other Fund	31,356	18,590
Animal Control Fund	-	2,076
Total	<u>\$ 59,893</u>	<u>\$ 59,893</u>

The purpose of these interfunds was short-term borrowings.

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th 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 before age 62 with 25 or more years of service credit 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$35,353 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$802,907. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. 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, 2015. The Township's proportion measured as of June 30, 2015, was .00399%, which was a decrease of .00030% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
	July 1, 2015	July 1, 2014
Actuarial valuation date	895,380	802,907
Net Pension Liability	0.00399%	0.00429%
Township's portion of the Plan's total net pension Liability		

For the year ended December 31, 2015, the Township had an allocated pension expense of \$(5,340).

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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 (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Township's proportionate share of the net pension liability	\$ 1,112,848	\$ 895,380	\$ 713,057

Pension Plan Fiduciary Net Position

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

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

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

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.

TOWNSHIP OF NORTH HANOVER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7. Pension Obligations (continued):

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

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.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, 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. Township contributions to PFRS amounted to \$116,398 for 2015.

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

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

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

Net Pension Liability and Pension Expense - At December 31, 2015, the Township’s proportionate share of the PFRS net pension liability is valued to be \$2,531,476. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. 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, 2015. The Township’s proportion measured as of June 30, 2015, was .01520%, which was an increase of .00005% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	2,531,476	1,906,311
Township's portion of the Plan's total net pension Liability	0.01520%	0.01515%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$206,429.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$222,002 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. 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, 2015 was .01520%, which was an increase of .00005% from its proportion measured as of June 30, 2014, which is the same proportion as the Township’s.

Township's Proportionate Share of the Net Pension Liability	\$ 2,531,476
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>222,002</u>
Total Net Pension Liability	<u><u>\$ 2,753,478</u></u>

For the year ended December 31, 2015, the Township’s total allocated pension expense was \$234,121.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 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 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 and the nonemployer contributing entity will be made on the average of the last five years of 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, 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 (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 3,629,958	\$ 2,753,478	\$ 2,038,787

Pension Plan Fiduciary Net Position

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

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt

During the fiscal year ended December 31, 2015 the following changes occurred in capital debt:

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
General Obligation Bonds	\$ 830,000	\$ -	\$ (150,000)	\$ 680,000	\$ 155,000
Bond Anticipation Notes	858,850	4,088,750	(858,850)	4,088,750	4,088,750
Net Pension Liability - PERS	802,907	92,473	-	895,380	-
Net Pension Liability - PFRS	1,906,311	625,165	-	2,531,476	-
Compensated Absences	10,754	1,173	-	11,927	-
Authorized but Not Issued	32,820	-	-	32,820	-
Total	\$ 4,441,642	\$ 4,807,561	\$ (1,008,850)	\$ 8,240,353	\$ 4,243,750

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.178%:

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District Debt	\$ 2,484,054	\$ 2,484,054	\$ -
General Debt	4,801,570	-	4,801,570
Total	\$ 7,285,624	\$ 2,484,054	\$ 4,801,570

Net Debt \$4,801,570 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$407,432,954 equals 1.178%.

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

3½% of Equalized Valuation Basis (Municipal)	\$14,260,153
Net Debt	<u>4,801,570</u>
Remaining Borrowing Power	<u>\$ 9,458,583</u>

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt (continued):

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 155,000	\$ 31,330	\$ 186,330
2017	170,000	22,880	192,880
2018	175,000	13,910	188,910
2019	180,000	4,680	184,680
Total	<u>\$ 680,000</u>	<u>\$ 72,800</u>	<u>\$ 752,800</u>

Bond Anticipation Notes (See Exhibit C-7) – Notes mature April 28, 2016 @ 0.89% & 0.91%.

<u>December 31, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31, 2015</u>
\$ 858,850	\$ 4,088,750	\$ 858,850	\$ 4,088,750

Note 9. Deferred School District Taxes

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

	Balance Decemeber 2015	Balance Decemeber 2014
Local School Taxes:		
Balance of Tax	\$ 1,352,644	\$ 1,260,367
Deferred	1,352,644	1,260,367
	<u>\$ -</u>	<u>\$ -</u>
Regional School Taxes:		
Balance of Tax	\$ 1,521,283	\$ 1,490,215
Deferred	1,441,070	1,410,841
	<u>\$ 80,213</u>	<u>\$ 79,374</u>

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 10. Accounts Receivable

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Total
State Aid	\$ -	\$ 238,698	\$ 18,811	\$ 257,509
Federal Aid	-	1,202	-	1,202
Taxes	356,136	-	-	356,136
Other	6,501	100	2,306	8,907
Total	<u>\$ 362,637</u>	<u>\$ 240,000</u>	<u>\$ 21,117</u>	<u>\$ 623,754</u>

Note 11. Risk Management

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

Note 12. Municipal Open Space

The Township of North Hanover is strongly committed to preserving, to the extent possible, farmland within the Township for the benefit of the citizens of the Township of North Hanover and the State of New Jersey. At the general election in 2000 the voters approved a tax rate of two cents (.02) per \$100. This rate was in effect for 2001, 2002 and 2003. Voters approved a four cent (.04) tax rate for calendar year 2004. At the general election in 2004, the voters approved a tax rate of eleven cents (.11) per \$100 for 2005, 2006 and 2007, and for 2008, 2009 and 2010 a rate of nine cents (.09), and for 2012, 2013, 2014 and 2015 a rate of five cents (.049) per \$100 of the assessed value of real property in order to raise revenue for the acquisition, development, maintenance and conservation of farmland, open space recreation and historic properties. During 2015, the Township raised an open space tax levy after the sunset period of the original ordinance had passed. Credits will be given to the taxpayers for the August 2016 billings.

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 12. Municipal Open Space (continued):

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

Municipal Open Space Tax Revenue	\$	2,688,064
Interest Earned		41,611
Debt Paid To-Date		(1,484,894)
Paid Fees for Professional Services		(49,891)
Open Space Purchases		(230,263)
		<hr/>
Total	\$	<u>964,627</u>

Note 13. Other Post Retirement Benefits – GASB 45

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

Plan Description

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

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

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

Funding Policy

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

TOWNSHIP OF NORTH HANOVER

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 13. Other Post Retirement Benefits – GASB 45 (continued):

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

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. The Township's contributions for related health care premiums for the years ended December 31, 2015 and 2014 were \$223,286 and \$211,739 respectively.

Note 14. Self-Insurance

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Township is a member of the Burlington County Municipal Joint Insurance Fund ("JIF"). The Joint Insurance pool is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicle equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payments of the Fund's obligations, no such additional premiums have been necessary as of December 31, 2015. The JIF is expected to be self-sustaining through member premiums, reported as expenditures in the Township's financial statements and liabilities are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program which has a contract for excess liability for property. The Township is not aware of any claims pending that have a demand in excess of this coverage.

Note 15. Compensated Absences

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

At December 31, 2015, accrued benefits for compensated absences are valued at \$11,927.

Note 16. Subsequent Events – Bond Ordinance

During May of 2016, the Township approved one new bond ordinance. Ordinance 2016-07 was approved providing for various capital improvements of the Township for a total of \$2,660,000 and authorizing the issuance of debt in the amount of \$2,527,000 in bonds or notes.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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

	<u>CURRENT</u>	<u>FEDERAL & STATE GRANT FUNDS</u>
Balance December 31, 2014	\$ 1,006,599	\$ -
Increased by Receipts:		
Tax Collector	\$ 8,839,802	\$ -
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	46,500	-
Due from Interfunds	59,901	4,244
Miscellaneous Revenue Not Anticipated	85,901	-
Miscellaneous Reserves	1,868	-
Revenue Accounts Receivable	1,475,795	-
Refunds	41,686	-
Unappropriated Grants	-	16,319
Federal & State Grants Receivable	-	80,318
	<u>10,551,453</u>	<u>100,881</u>
Total Increases		
	<u>11,558,052</u>	<u>100,881</u>
Total Receipts		
Decreased by Disbursements:		
2015 Budget Appropriations	2,989,575	-
2014 Appropriation Reserves	45,527	-
Tax Overpayments - Refunds	17,333	-
County Taxes	1,661,419	-
County Share of Added & Omitted Taxes	36,859	-
Local District School Tax	2,613,052	-
Regional School Taxes	2,851,072	-
Municipal Open Space Taxes	213,183	-
Due State - DCA Training Fees	9,157	-
Due State - Marriages License Fees	725	-
Due to Interfunds	36,500	-
Reserve for Federal & State Grant Funds - Appropriated	-	100,881
	<u>10,474,402</u>	<u>100,881</u>
Total Disbursements		
Balance December 31, 2015	<u>\$ 1,083,650</u>	<u>\$ -</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF CASH AND RECONCILIATION
PER N.J.S.40A:5-5--COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$	-
Increased by:			
Taxes Receivable	\$	8,679,353	
Tax Title Liens Redeemed		20,084	
Interest & Costs on Taxes		31,477	
Prepaid Taxes		108,888	8,839,802
Subtotal			8,839,802
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			8,839,802
Balance December 31, 2015		\$	-

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

OFFICE		AMOUNT	
Tax Collector	\$	50	
Municipal Court		300	
Township Clerk		200	
Total	\$	550	

**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, 2015**

Balance December 31, 2014	\$	549
Increased by:		
Senior Citizen & Veteran Deductions per Tax Billing	\$	45,000
Deductions Allowed by Tax Collector - 2015 Taxes		1,000
Deductions Disallowed by Tax Collector - Prior Year Taxes		(1,000)
		<u>45,000</u>
Subtotal		45,549
Decreased by:		
Collections		<u>46,500</u>
Balance December 31, 2015	<u>\$</u>	<u>(951)</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2015**

YEAR	BALANCE DECEMBER 31, 2014	2015 LEVY	ADDED TAXES	COLLECTIONS 2014	2015	DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO ARREARS	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2015
Arrears 2014	\$ 311	\$ -	\$ -	\$ -	\$ 117,973	\$ -	\$ -	\$ 265	\$ 10,516	\$ -	\$ 10,827
	128,980	-	-	-	117,973	(250)	-	265	(7,007)	3,985	-
Total 2015	129,291	8,675,658	163,836	73,938	8,566,735	(250)	22,115	(5,620)	3,509	8,433	10,827
	-	-	-	-	45,000	45,000	-	-	(3,509)	-	125,384
Balance	\$ 129,291	\$ 8,675,658	\$ 163,836	\$ 73,938	\$ 8,684,708	\$ 44,750	\$ 22,115	\$ (5,355)	\$ -	\$ 12,418	\$ 136,211

ANALYSIS OF 2015 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 8,675,658
Added & Omitted Taxes (54:4-63.1 et seq.)	<u>163,836</u>
Total	<u>\$ 8,839,494</u>

Tax Levy:	
Regional School Tax	\$ 2,882,140
Local District School Tax	2,705,329
County Taxes:	
County Tax	1,372,579
County Library Tax	127,882
Open Space	160,958
Due County:	
Added & Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>16,433</u>
Total County Taxes	<u>1,677,852</u>

Local Tax for Municipal Purpose	1,289,011
Local Open Space Tax	213,183
Add: Additional Tax Levied	<u>71,979</u>
Local Tax for Municipal Purposes Levied	<u>1,574,173</u>
Total	<u>\$ 8,839,494</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$	66,173
Increased by:		
Interest & Costs on Taxes		727
Transfer from Taxes Receivable		12,418
		13,145
		79,318
Decreased by:		
Properties Foreclosed		39,319
Liens Redeemed		20,084
		59,403
Balance December 31, 2015	\$	19,915

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, 2014	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2015
Licenses:				
Alcoholic Beverages	\$ -	\$ 3,380	\$ 3,380	\$ -
Other	-	14,443	14,443	-
Fees & Permits	-	206,859	206,859	-
School Resource Officer - BOE				
Reimbursement	-	19,000	19,000	-
State of New Jersey:				
Energy Receipt Taxes	-	765,714	765,714	-
Transfer From Open Space for				
Payment of Debt Service	-	90,241	90,241	-
Interlocal Service Agreement:				
Chesterfield Court Fees	-	134,807	134,807	-
Cablevision Lease/Tower Rental	-	39,427	39,427	-
Summer Recreation Program - Board of				
Education	-	10,800	10,800	-
Interest on Investments	-	2,065	2,065	-
Construction Code Official:				
Fees & Permits	-	90,440	90,440	-
Municipal Court:				
Fines & Costs	6,088	84,269	84,566	5,791
Interest & Costs on Taxes	-	31,477	31,477	-
Wrightstown Municipal Court:				
Fines & Costs	291	14,472	14,053	710
				710
Total	\$ 6,379	\$ 1,507,394	\$ 1,507,272	\$ 6,501
			\$ 1,475,795	
			31,477	
			\$ 1,507,272	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, 2014	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
Salary & Wages:				
Public Buildings & Grounds	\$ 3,179	\$ 179	\$ -	\$ 179
Municipal Court - North Hanover	746	1,346	46	1,300
Municipal Court - Wrightstown	3	3	3	-
Municipal Court - Chesterfield	331	931	931	-
Other Expenses:				
Municipal Clerk	252	352	338	14
Financial Administration	1,028	1,028	578	450
Collection of Taxes	790	790	586	204
Assessment of Taxes	81	831	806	25
Legal	1,781	1,781	600	1,181
Group Insurance Plan for Employees	6,310	310	-	310
Police	3,368	4,168	4,052	116
Aid to Volunteer Fire Company	5,029	5,029	2,147	2,882
Streets & Roads	8,568	13,568	13,447	121
Waste Facility	254	1,254	1,237	17
Public Buildings & Grounds	3,050	3,050	2,885	165
Dog Regulation	813	1,213	1,200	13
Parks & Playgrounds	4,213	3,163	1,502	1,661
Celebration of Public Events	1,450	1,450	223	1,227
Electric	2,298	2,298	1,608	690
Street Lighting	3,605	3,605	2,611	994
Telephone	329	329	329	-
Natural Gas	2,773	2,773	756	2,017
Gasoline	2,601	3,401	3,346	55
Landfill Tipping Fees	6,113	6,113	4,026	2,087
Recycling Tax	464	464	464	-
Municipal Court - North Hanover	1,563	1,563	1,256	307
Municipal Court - Wrightstown	6,180	6,180	8	6,172
Municipal Court - Chesterfield	542	542	542	-
All Other Accounts - No Changes	16,364	16,364	-	16,364
Total	\$ 84,078	\$ 84,078	\$ 45,527	\$ 38,551
2014 Appropriation Reserves	\$ 63,165			
2014 Encumbrances	20,913			
Total	\$ 84,078			

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014 (2015 Taxes)	\$ 73,938
Increased by:	
Collection - 2016 Taxes	<u>108,888</u>
Subtotal	182,826
Decreased by:	
Apply to 2015 Taxes Receivable	<u>73,938</u>
Balance December 31, 2015 (2016 Taxes)	<u><u>\$ 108,888</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 18,020
Increased by:	
Overpayments Created	<u>10,256</u>
Subtotal	28,276
Decreased by:	
Applied to Taxes Receivable	\$ 4,635
Adjustment to Overpayments	266
Refunded	<u>17,333</u>
Balance December 31, 2015	<u><u>\$ 6,042</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$	-
Increased by:		
2015 Levy:		
County Tax	\$	1,372,579
County Library Tax		127,882
County Open Space Tax		160,958
		1,661,419
Subtotal		1,661,419
Decreased by:		
Payments		1,661,419
		-
Balance December 31, 2015	\$	-

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		
Added Taxes (2014)	\$	36,859
Increase by County Share of 2015 Levy:		
Added (R.S. 54:4-63.1 et seq.)		16,433
		16,433
Subtotal		53,292
Decreased by:		
Payments:		
Added Taxes (2015)		36,859
		-
Balance December 31, 2015	\$	16,433

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		
School Tax Payable	\$ -	
School Tax Deferred	<u>1,260,367</u>	\$ 1,260,367
Increased by Local District School's Share of 2016 Levy:		
Levy - School Year July 1, 2015 to June 30, 2016		<u>2,705,329</u>
Subtotal		3,965,696
Decreased by Payments:		
Payments		<u>2,613,052</u>
Balance December 31, 2015		
School Tax Payable	\$ -	
School Tax Deferred	<u>1,352,644</u>	1,352,644
Total		<u><u>\$ 1,352,644</u></u>
2015 Liability for Local District School Tax:		
Tax Paid	\$ 2,613,052	
Tax Payable December 31, 2015		<u>-</u>
Subtotal		2,613,052
Less: Tax Payable December 31, 2014		<u>-</u>
Amount Charged to 2015 Operations		<u><u>\$ 2,613,052</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		
School Tax Payable	\$ 79,374	
School Tax Deferred	<u>1,410,841</u>	\$ 1,490,215
Increased by Regional School's Share of 2016 Levy:		
Levy - School Year July 1, 2015 to June 30, 2016		<u>2,882,140</u>
Subtotal		4,372,355
Decreased by Payments:		
Payments		<u>2,851,072</u>
Balance December 31, 2015		
School Tax Payable	\$ 80,213	
School Tax Deferred	<u>1,441,070</u>	
Total		<u><u>\$ 1,521,283</u></u>
2015 Liability for Regional School Tax:		
Tax Paid	\$ 2,851,072	
Tax Payable December 31, 2015		<u>80,213</u>
Subtotal		2,931,285
Less: Tax Payable December 31, 2014		<u>79,374</u>
Amount Charged to 2015 Operations		<u><u>\$ 2,851,911</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 3,410
Increased by:	
Liens Foreclosed - Assessed Value	<u>196,600</u>
Subtotal	200,010
Balance December 31, 2015	<u><u>\$ 200,010</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF DUE TRUST OTHER FUND FOR RESERVE FOR OPEN SPACE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$	31,356
Increased by:			
2015 Tax Levy	\$	211,116	
2015 Added & Omitted Taxes		2,067	
Overpayment of Budgeted Revenue		-	213,183
Subtotal			244,539
Decreased by:			
Disbursement - Trust Other Fund			213,183
Balance December 31, 2015		\$	<u>31,356</u>

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES
FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

PROGRAM	BALANCE DECEMBER 31, 2014	ACCRUED	RECEIVED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2015
Federal Grants:					
Body Armor Replacement Fund	\$ 2,544	\$ -	\$ 1,342	\$ -	\$ 1,202
Total	<u>2,544</u>	<u>-</u>	<u>1,342</u>	<u>-</u>	<u>1,202</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
Stop Violence Against Women	777	-	-	-	777
Safe & Secure Communities	30,000	30,000	30,000	-	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
SLAHEOP Grant	2,406	-	-	-	2,406
Stormwater Regulation Program	3,750	-	-	-	3,750
State Agriculture Development Committee (SADC) Planning Assistance Grant	20,000	-	-	-	20,000
Polling Place Grant	3,841	-	-	-	3,841
Clean Communities	-	13,425	-	13,425	-
Body Armor Fund	-	1,259	-	1,259	-
Recycling Tonnage	-	4,661	-	4,661	-
NJ DOT - Jacobstown/Ameystown Rd - Phase II	91,575	-	48,976	-	42,599
Total State Grants	<u>287,674</u>	<u>49,345</u>	<u>78,976</u>	<u>19,345</u>	<u>238,698</u>
Other Grants:					
Burlington County Parks Grant - Phase II	100	-	-	-	100
Total Other Grants	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total	<u>\$ 290,318</u>	<u>\$ 49,345</u>	<u>\$ 80,318</u>	<u>\$ 19,345</u>	<u>\$ 240,000</u>
Cash Receipts					
Total			<u>\$ 80,318</u>		
			<u>\$ 80,318</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, 2015**

PROGRAM	BALANCE DECEMBER 31, 2014	GRANT RECEIPTS	REALIZED AS MISCELLANEOUS REVENUE IN 2015 BUDGET	BALANCE DECEMBER 31, 2015
Federal Grants:				
COPS Universal Program	\$ 2	\$ -	\$ -	\$ 2
Body Armor Replacement Program	2	-	-	2
Total	4	-	-	4
State Grants:				
Body Armor Replacement Grant	1,259	-	1,259	-
Clean Communities Grant	13,425	16,319	13,425	16,319
Supplemental Fire Services	113	-	-	113
Recycling Tonnage Grant	4,661	-	4,661	-
Total State Grants	19,458	16,319	19,345	16,432
Total All Grants	\$ 19,462	\$ 16,319	\$ 19,345	\$ 16,436

**TOWNSHIP OF NORTH HANOVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2015**

PROGRAM	BALANCE DECEMBER 31, 2014 APPROPRIATED	TRANSFERRED FROM 2015 BUDGET APPROPRIATION	DISBURSED	BALANCE DECEMBER 31, 2015 APPROPRIATED
Federal Grants:				
COPS Universal Program	\$ 11,131	\$ -	\$ -	11,131
Small Cities Block Grant	27	-	-	27
Body Armor Replacement Program	554	-	-	554
Total Federal Grants	11,712	-	-	11,712
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
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	26,541	4,661	2,645	28,557
SLAHEOP Grant	2,406	-	-	2,406
DDEF	6,978	-	-	6,978
Smart Growth Grant	15,000	-	-	15,000
Body Armor Replacement Program Safe & Secure Communities Program	7,726	1,259	7,035	1,950
	-	30,000	30,000	-
Polling Place Grant	3,841	-	-	3,841
Clean Communities Grant	44,526	13,425	10,000	47,951
NJ DOT - Jacobstown/Ameystown Rd - Phase II	49,552	-	16,556	32,996
Total State Grants	241,500	49,345	66,236	224,609
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	\$ 254,267	\$ 84,590	\$ 101,481	\$ 237,376
Original Appropriations		\$ 84,590		
Cash Disbursements			\$ 100,881	
Encumbrances			600	
Total		\$ 84,590	\$ 101,481	

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, 2015**

	ANIMAL CONTROL TRUST FUND	OTHER FUNDS
Balance December 31, 2014	\$ 5,694	\$ 1,281,623
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 4,125	
Reserve for Escrow Deposits		\$ 72,559
Reserve for Affordable Housing		
Reserve for Payroll		1,316,075
Reserve for Recreation		59,474
Reserve for Outside Police		1,346
Reserve for Public Defender Fee		5,211
Reserve for Municipal Open Space		213,962
Due to Current Fund		25,971
Due from Current Fund - Outside Police		
	4,125	1,694,598
Total Increase		
	9,819	2,976,221
Total Receipts		
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	1,668	
Due to Current Fund	8	59,893
Reserve for Escrow Deposits		71,881
Reserve for Affordable Housing		11,544
Reserve for Payroll		1,332,328
Reserve for Public Defender Fee		11,700
Reserve for Recreation		59,678
Reserve for Outside Police		5,705
Reserve for Municipal Open Space		90,241
	1,676	1,642,970
Total Disbursements		
	8,143	1,333,251
Balance December 31, 2015	\$ 8,143	\$ 1,333,251

**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, 2015**

Balance December 31, 2014		\$ 104,100
Increased by:		
Interest	\$ 106	
Reserve for Tax Title Lien Redemption	65,347	
Reserve for Tax Premium Redemption	10,400	75,853
Subtotal		179,953
Decreased by:		
Refund Lien Redemption	65,347	
Refund Premium	18,900	
Interest to Current	106	84,353
Balance December 31, 2015		<u>\$ 95,600</u>
	Tax Premiums	\$ 95,600
	Tax Title Liens	<u>-</u>
		<u>\$ 95,600</u>

**TRUST OTHER FUND
SCHEDULE OF DUE FROM/TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 45,971
Increase by:		
Receipts		25,971
		71,942
Decreased by:		
Disbursements		59,893
		12,049
Balance December 31, 2015		<u>\$ 12,049</u>

**TOWNSHIP OF NORTH HANOVER
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 5,798
Increased by:		
Collections:		
Dog License Fees Collected by Clerk		4,125
Subtotal		9,923
Decreased by:		
Expenditures Under R.S.4:19-15.11--Cash	\$ 1,668	
Transfer to Current Fund	2,193	3,861
Balance December 31, 2015		\$ 6,062

LICENSE FEES COLLECTED

YEAR	AMOUNT
2014	\$ 3,118
2013	2,944
Total	\$ 6,062

**TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 840,906
Increased by:		
Revenues - Tax Levy from Current Fund	\$ 211,116	
Added Taxes	2,067	
Interest	779	213,962
Subtotal		1,054,868
Decreased by:		
Anticipated Revenue Current Fund - Debt Service		90,241
Balance December 31, 2015		\$ 964,627

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 129,584
Increased by:	
Interest Earned & Escrow Deposits	<u>72,559</u>
Subtotal	202,143
Decreased by:	
Refunds or Payments	<u>71,881</u>
Balance December 31, 2015	<u><u>\$ 130,262</u></u>

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 143,234
Decreased by:	
Disbursement	<u>11,544</u>
Balance December 31, 2015	<u><u>\$ 131,690</u></u>

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR PAYROLL
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 26,452
Increased by:	
Payroll	<u>1,316,075</u>
Subtotal	1,342,527
Decreased by:	
Payroll Expenditures	<u>1,332,328</u>
Balance December 31, 2015	<u><u>\$ 10,199</u></u>

ANALYSIS OF BALANCE

Dental/Health	\$ 2,471
PERS	1,849
PFRS	974
DCRP Retirement	409
Unallocated Reserve	<u>4,496</u>
Total	<u><u>\$ 10,199</u></u>

**SCHEDULE OF RESERVE FOR RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 99,230
Increased by:	
Receipts	<u>59,474</u>
Subtotal	158,704
Decreased by:	
Disbursements	<u>59,678</u>
Balance December 31, 2015	<u><u>\$ 99,026</u></u>

EXHIBIT B-10

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR COUNTY FAIR
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2015 and 2014 \$ 7,545

EXHIBIT B-11

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 8,351
Increased by:	
Receipts - Fees Collected by Court	<u>5,211</u>
Subtotal	13,562
Decreased by:	
Disbursements - Expenditures	<u>11,700</u>
Balance December 31, 2015	<u>\$ 1,862</u>

EXHIBIT B-12

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014 \$ 465

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014 \$ 350

**SCHEDULE OF RESERVE CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014 \$ 2,606

**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014 \$ 950

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR SNOW REMOVAL
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 14,353
Decreased by:	
Transfer to Current Fund Budget	<u>14,353</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

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, 2015**

Balance December 31, 2014	\$	99,592
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$	185,000
Note Proceeds	3,325,000	3,510,000
		<hr/>
Subtotal		3,609,592
Decreased by Disbursements:		
Prior Year Encumbrance		
Improvement Authorizations	1,440	74,290
	72,850	<hr/>
Balance December 31, 2015	\$	<u><u>3,535,302</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2014	RECEIPTS			DISBURSEMENTS			TRANSFERS		BALANCE DECEMBER 31, 2015
		BOND ANTICIPATION NOTES	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	MISCELLANEOUS	FROM	TO		
Capital Improvement Fund	\$ 10,061	\$ -	\$ 185,000	\$ -	\$ -	\$ 175,000	\$ -	\$ -	\$ 20,061	
1997-16 Feasibility Study for Improvement to Municipal Building and Replacement of Heating System	1,862	-	-	-	-	-	-	-	1,862	
1999-04 Various Capital Improvements	17,578	-	-	-	-	-	-	-	17,578	
2001-03 Capital Improvements & Purchase Equipment	2,594	-	-	-	-	-	-	-	2,594	
2003-06 Purchase of Public Safety Equipment	4,126	-	-	-	-	-	-	-	4,126	
2003-08 Acquisition of Farms for Farmland Preservation	13,890	-	-	-	-	-	-	-	13,890	
2006-06 Acquisition of Farms for Farmland Preservation & Various Capital Improvements	(19,214)	-	-	-	-	-	-	-	(19,214)	
2006-10 Purchase of Validator/Postage Machine	3,200	-	-	-	-	-	-	-	3,200	
2009-21 Acquisition & Installation of Solar Panels	16,344	-	-	-	-	-	-	-	16,344	
2009-22 Reconstruction of Schoolhouse Road Phase II	7,938	-	-	-	-	-	-	-	7,938	
2011-05 Acquisition of Certain Real Property	1,567	-	-	-	-	-	-	-	1,567	
2012-01 Acquisition of a Fire Vehicle & Installation of Equipment	2,210	-	-	-	-	-	-	-	2,210	
2012-06 Acquisition & Installation of a Trash Compactor	1,049	-	-	509	-	-	-	-	540	
2012-08 Resurfacing of Jacobstown-Amytown Roads	3,788	-	-	-	-	-	-	-	3,788	
2013-05 Acquisition of a Tanker Truck	1,544	-	-	855	-	-	-	-	689	
2013-09 Improvements to Schoolhouse Road Park	-	-	-	-	-	-	-	-	-	
2015-04 Township Road Improvement Program	-	3,325,000	-	71,486	-	16,624	175,000	-	3,411,890	
Premiums on Notes Issued - Reserve for Debt Service	270	-	-	-	-	-	-	-	270	
Reserve for Acquisition of Land	500	-	-	-	-	-	-	-	500	
Reserve for Fire Equipment	49,370	-	-	-	-	-	-	-	49,370	
Capital Surplus	592	-	-	-	-	-	-	-	592	
Due from Interfund	-	-	-	-	-	-	-	-	-	
DOT Grant Receivable	(18,811)	-	-	-	-	-	-	-	(18,811)	
Reserve for Encumbrance	1,440	-	-	-	1,440	-	-	-	16,624	
Accounts Receivable	(2,306)	-	-	-	-	-	-	-	(2,306)	
Total	\$ 99,592	\$ 3,325,000	\$ 185,000	\$ 72,850	\$ 1,440	\$ 191,624	\$ 191,624	\$ -	\$ 3,535,302	

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 830,000
Decreased by:	
2015 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>150,000</u>
Balance December 31, 2015	<u><u>\$ 680,000</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE						UNEXPENDED IMPROVEMENT AUTHORIZATIONS
		BALANCE DECEMBER 31, 2014	INCREASED BY IMPROVEMENT AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2015	BOND ANTICIPATION NOTES	EXPENDED	
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	\$ 103,320	\$ -	\$ 40,000	\$ 63,320	\$ 40,000	\$ 19,214	\$ 4,106
2009-21	Acquisition & Installation of Solar Panels	190,000	-	27,475	162,525	162,525	-	-
2011-05	Acquisition of Certain Real Property	189,600	-	18,600	171,000	171,000	-	-
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	71,250	-	7,125	64,125	64,125	-	-
2012-06	Acquisition & Installation of a Trash Compactor	19,000	-	1,900	17,100	17,100	-	-
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	-	9,500	-	-	9,500
2013-05	Acquisition of Tanker Truck	273,000	-	-	273,000	273,000	-	-
2013-09	Improvements to Schoolhouse Road Park	36,000	-	-	36,000	36,000	-	-
2015-04	Township Road Improvement Program	-	3,325,000	-	3,325,000	3,325,000	-	-
Total		\$ 891,670	\$ 3,325,000	\$ 95,100	\$ 4,121,570	\$ 4,088,750	\$ 19,214	\$ 13,606

ORD. NO.	Amount
2009-21	\$ 16,344
2011-05	1,567
2012-01	2,210
2012-06	540
2013-05	689
2015-04	3,325,000
	<u>\$ 3,359,956</u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 10,061
Increased by:	
Capital Improvement Fund - Current Fund Budget	<u>185,000</u>
Subtotal	195,061
Decreased by:	
Funded Portion of 2015 Improvement Authorizations Issued	<u>175,000</u>
Balance December 31, 2015	<u><u>\$ 20,061</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE NOTES	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2014	INCREASE	DECREASE	BALANCE DECEMBER 31, 2015
2006-06	Acquisition of Farms for Farmland Preservation Program/Various Improvements	12/29/2006	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	\$ 80,000 -	\$ - 40,000	\$ 80,000 -	\$ - 40,000
2009-21	Acquisition & Installation of Solar Panels	5/3/2012	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	190,000 -	- 162,525	190,000 -	- 162,525
2011-05	Acquisition of Certain Real Property	12/15/2011	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	189,600 -	- 171,000	189,600 -	- 171,000
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	5/3/2012	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	71,250 -	- 64,125	71,250 -	- 64,125
2012-06	Acquisition & Installation of a Trash Compactor	12/15/2012	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	19,000 -	- 17,100	19,000 -	- 17,100
2013-05	Acquisition of a Tanker Truck	9/4/2013	5/1/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	273,000 -	- 273,000	273,000 -	- 273,000
2013-09	Improvements to Schoolhouse Road Park	12/30/2013	6/27/2014 4/29/2015	4/30/2015 4/28/2016	1.25% 0.89%	36,000 -	- 36,000	36,000 -	- 36,000
2015-4	Township Road Improvement Program	10/28/2015	10/28/2015	4/28/2016	0.91%	-	3,325,000	-	3,325,000
Total						\$ 858,850	\$ 4,088,750	\$ 858,850	\$ 4,088,750
Renewals Issued for Cash						\$ 763,750	\$ 3,325,000	\$ 763,750	\$ -
Paid by Budget						-	-	95,100	-
Total						\$ 4,088,750	\$ 4,088,750	\$ 858,850	\$ 4,088,750

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING December 31, 2015	INTEREST RATE	BALANCE DECEMBER 31, 2014	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2015
General Bonds of 1999	6/15/99	\$ 2,520,000	6/15/16	5.20%	\$ 830,000	\$ 150,000	\$ 680,000
			6/15/17				
			6/15/18				
			6/15/19				
Total					\$ 830,000	\$ 150,000	\$ 680,000

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014	IMPROVEMENT AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2015
2006-06	Various Capital Improvements	\$ 23,320	\$ -	\$ -	23,320
2012-08	Resurfacing of Jacobstown-Armytown Roads	9,500	-	-	9,500
	Total	\$ 32,820	\$ -	\$ -	32,820

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FIXED ASSETS

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**TOWNSHIP OF NORTH HANOVER
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
STATEMENT OF GENERAL FIXED ASSET GROUP OF ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, 2014	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2015
General Fixed Assets:				
Land & Land Improvements	\$ 2,422,656	\$ -	\$ -	\$ 2,422,656
Buildings	1,017,099	-	-	1,017,099
Vehicles	1,959,890	-	-	1,959,890
Machinery & Equipment	885,113	-	-	885,113
	<hr/>			
Total General Fixed Assets	\$ 6,284,758	\$ -	\$ -	\$ 6,284,758
	<hr/> <hr/>			
 Total Investments in General Fixed Assets	 \$ 6,284,758	 \$ -	 \$ -	 \$ 6,284,758
	<hr/> <hr/>			

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**TOWNSHIP OF NORTH HANOVER
COUNTY OF BURLINGTON**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

We have audited the financial statements and transactions of the Township of North Hanover in the County of Burlington for the year ended December 31, 2015. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

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

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

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

Contracts and Agreements Requiring Solicitation of Quotations (continued):

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

Collection of Interest on Delinquent Taxes

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

The governing body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 included 2015 and 2014 real estate taxes and the amounts included in the arrears register.

There was a tax sale held on October 17, 2015 and was complete.

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

YEAR	NUMBER OF LIENS
2015	3
2014	14
2013	12

Deductions From Taxes

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

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees.

Examination of Bills

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

Municipal Court

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

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

Fixed Assets

***Finding 2015-001:**

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

Recommendation:

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

Management's Response:

This will be corrected in 2015.

*Prior Year Findings

Other Items

Finding 2015-002:

In review of the 2015 tax levy, it was determined that the Township raised the Open Space Tax Levy after the sunset period of the Municipal Open Space Referendum had passed.

Recommendation:

Municipal Open Spaces taxes should only be raised in accordance with the approved Municipal Open Space Referendum.

Management's Response:

Management agrees with the above finding and will give credits on the taxes collected during its August 2016 billing cycle.

Follow-up on Prior Years' Findings

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

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
James Durr	Mayor	\$ 15,000.00	A
Louis DeLorenzo	Deputy Mayor	\$ 15,000.00	A
Michael Moscatiello	Committeeman	\$ 15,000.00	A
Deborah Butler	Committeewoman	\$ 15,000.00	A
William Quackenboss	Committeeman	\$ 15,000.00	A
John A. Bruno, Jr	Treasurer & Chief Financial Officer	\$ 85,000.00	A
Maryalice Picariello	Tax Collector/Township Clerk	\$100,000.00	A
Lois F. Downey	Judge of Municipal Court	\$ 15,000.00	A
Rita Williams	Court Administrator	\$ 15,000.00	A
Susan Lee Lyon	Deputy Court Administrator	\$ 15,000.00	A
Christine Case-Edwards	Deputy Court Administrator	\$ 15,000.00	A
Mark Keubler	Police Chief	\$ 15,000.00	A
Donald Kosul	Tax Assessor	\$ 15,000.00	A
Remington Vernick & Arango	Engineer		
Mark Roselli, Esq.	Solicitor		

(A) Selective Insurance Company

All of the Bonds were examined and were properly executed.

Acknowledgment

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

The problems and weaknesses noted in our review were not of a magnitude that they affected our ability to express an unmodified opinion on the financial statements taken as a whole.

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Michael Holt", with a stylized flourish at the end.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
No. CR473

June 15, 2016
Medford, New Jersey