

**TOWNSHIP OF MINE HILL
COUNTY OF MORRIS
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2013**

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

<u>AUDITORS' REPORTS</u>		<u>PAGE</u>
Independent Auditor's Report		2-4
<u>FINANCIAL STATEMENTS</u>		5
<u>CURRENT FUND</u>	<u>EXHIBIT</u>	
Comparative Balance Sheet	A	6-7
Comparative Statement of Operations and Change in Fund Balance	A-1	8
Statement of Revenues	A-2	9-10
Statement of Expenditures	A-3	11-16
<u>TRUST FUND</u>		
Comparative Balance Sheet	B	17
<u>GENERAL CAPITAL FUND</u>		
Comparative Balance Sheet	C	18
Schedule of Fund Balance	C-1	19
<u>WATER UTILITY FUND</u>		
Comparative Balance Sheet	D	20
Comparative Statement of Operations and Change in Fund Balance	D-1	21
Schedule of Fund Balance - Water Capital Fund	D-1a	22
Statement of Revenues	D-2	23
Statement of Expenditures	D-3	24
<u>SEWER UTILITY FUND</u>		
Comparative Balance Sheet	E	25
Comparative Statement of Operations and Change in Fund Balance	E-1	26
Schedule of Fund Balance - Sewer Capital Fund	E-1a	27
Statement of Revenues	E-2	28
Statement of Expenditures	E-3	29

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

FINANCIAL STATEMENTS-(CONTINUED)

SPECIAL GARBAGE DISTRICT FUND

Comparative Balance Sheet	F	30
Comparative Statement of Operations and Change in Fund Balance	F-1	31
Statement of Revenues	F-2	32
Statement of Expenditures	F-3	33

GENERAL FIXED ASSETS

Statement of General Fixed Assets	G	34
-----------------------------------	---	----

PAYROLL AGENCY FUND

Comparative Balance Sheet	H	35
---------------------------	---	----

<u>NOTES TO FINANCIAL STATEMENTS</u>		36-50
---	--	-------

PART II - SUPPLEMENTARY INFORMATION

<u>CURRENT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash – Treasurer	A-4	52
Schedule of Cash - Collector	A-5	53
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	54
Schedule of Tax Title Liens	A-7	55
Schedule of Revenue Accounts Receivable	A-8	56
Schedule of Appropriation Reserves - 2012	A-9	57
Schedule of Reserve for Encumbrances	A-10	58
Schedule of Taxes Collected in Advance	A-11	59
Schedule of Tax Overpayments	A-12	60
Schedule of County Taxes Payable	A-13	61
Schedule of Local District School Tax Payable	A-14	62
Schedule of Special Garbage District Tax Payable	A-15	63
Schedule of Municipal Open Space Taxes	A-16	64
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-17	65
Schedule of Reserve for Third Party Liens	A-18	66
Schedule of State/Federal Grants Receivable	A-19	67
Schedule of Appropriated Reserves for State Grants	A-20	68
Schedule of Unappropriated Reserves for State Grants	A-21	69

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART II - SUPPLEMENTARY INFORMATION-(CONTINUED)

<u>CURRENT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Reserve for Sale of Municipal Assets	A-22	70
Schedule of Reserve for Pending Tax Appeals	A-23	71
Schedule of Reserve for Revaluation of Property	A-24	72
Schedule of Reserve for Deferred Charges	A-25	73
Schedule of Reserve for Tax Sale Premiums	A-26	74
<u>TRUST FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	B-2	75
Schedule of Reserve for Animal Control Fund Expenditures	B-3	76
Schedule of Amount Due Current Fund - Dog License Fund	B-4	77
Schedule of Reserve for Encumbrances	B-5	78
Schedule of Prepaid Animal Control Fees	B-6	79
Schedule of Amount Due Current Fund - Other Trust Funds	B-7	80
Schedule of Reserve for Developer's Escrow	B-8	81
Schedule of Reserve for Unemployment Trust	B-9	82
Schedule of Reserve for Municipal Open Space	B-10	83
Schedule of Reserve for Other Trust Deposits	B-11	84
Schedule of Reserve for Affordable Housing Trust	B-12	85
<u>GENERAL CAPITAL FUND</u>		
Schedule of Cash - Treasurer	C-2	86
Schedule of Amount Due Current Fund	C-3	87
Schedule of Accounts Receivable	C-4	88
Schedule of Deferred Charges to Future Taxation-Funded	C-5	89
Schedule of Deferred Charges to Future Taxation-Unfunded	C-6	90
Schedule of Encumbrances	C-7	91
Schedule of Capital Improvement Fund	C-8	92
Schedule of Lease Purchase Agreements	C-9	93
Schedule of Bond Anticipation Notes	C-10	94
Schedule of Improvement Authorizations	C-11	95
Schedule of Various Reserves	C-12	96
Schedule of Amount Due Outside Agencies	C-13	97

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART II - SUPPLEMENTARY INFORMATION-(CONTINUED)

<u>WATER UTILITY FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	D-4	98
Schedule of Cash - Collector	D-5	99
Schedule of Consumer Accounts Receivable	D-6	100
Schedule of Appropriation Reserves-2012	D-7	101
Schedule of Fixed Capital	D-8	102
Schedule of Fixed Capital Authorized and Uncompleted	D-9	103
Schedule of Improvement Authorizations	D-10	104
Schedule of Water Capital Improvement Fund	D-11	105
Schedule of Reserve for Amortization	D-12	106
Schedule of Deferred Reserve for Amortization	D-13	107
Schedule of Bond Anticipation Notes	D-14	108
<u>SEWER UTILITY FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	E-4	109
Schedule of Cash - Collector	E-5	110
Schedule of Consumer Accounts Receivable	E-6	111
Schedule of Appropriation Reserves-2012	E-7	112
Schedule of Fixed Capital	E-8	113
Schedule of Fixed Capital Authorized and Uncompleted	E-9	114
Schedule of Improvement Authorizations	E-10	115
Schedule of Sewer Capital Improvement Fund	E-11	116
Schedule of Reserve for Amortization	E-12	117
Schedule of Deferred Reserve for Amortization	E-13	118
Schedule of Bond Anticipation Notes	E-14	119
Schedule of Serial Bonds Payable	E-15	120
Schedule of New Jersey Environmental Infrastructure Trust Loans	E-16	121
<u>SPECIAL GARBAGE DISTRICT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	F-4	122
Schedule of Cash - Collector	F-5	123
Schedule of District Tax Accounts Receivable	F-6	124
Schedule of Appropriation Reserves-2012	F-7	125
<u>GENERAL FIXED ASSETS</u>		
Schedule of Additions and Deletions	G-1	126

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART III – SUPPLEMENTARY INFORMATION

	<u>PAGE</u>
General Comments	127-136
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	137-138
Schedule of Federal/State Awards	139-140
Notes to Schedule of Federal/State Awards	141
Status of Prior Audit Findings	142-143
Schedule of Findings and Responses	144-145

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2013

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Mine Hill
County of Morris, New Jersey
10 Baker Street
Mine Hill, New Jersey 07830

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

-Continued-

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

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

Opinions

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

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group, or fixed assets of the utility general capital account. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed asset account group and the utility general capital fixed assets at December 31, 2013 stated at \$17,449,151 and \$4,299,244 respectively, and \$17,315,517 and \$4,299,244 respectfully for 2012.

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

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed asset account group and utility fixed assets been audited, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township of Mine Hill, as of December 31, 2013 and 2012, and the results of operations and changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended, on the basis of accounting described in Note 1.

-Continued-

Other Matters

Other Information

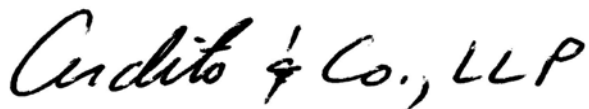
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mine Hill's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.

Other Reporting Required by Government Auditing Standards


In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2014, on our consideration of the Township of Mine Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey

April 30, 2014



Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

April 30, 2014

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 1,835,486	\$ 762,806
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>10,236</u>	<u>10,236</u>
		<u>1,845,722</u>	<u>773,042</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	252,946	314,801
Tax Title Liens Receivable	A-7	376,176	343,766
Revenue Accounts Receivable	A-8	8,030	2,936
Property Aquired for Taxes at Assessed Valuation	A	23,500	23,500
Amount Due From Other Trust Fund	B	32	32
Amount Due From Dog License Fund	B	22	8
Amount Due From Grants Fund	A	-	7,747
Amount Due From Sewer Operating Fund	E	<u>-</u>	<u>5,329</u>
Subtotal		<u>660,706</u>	<u>698,119</u>
Deferred Charges:			
Special Emergency Authorizations	A-25	41,503	46,052
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-19	232,145	37,500
Due Current Fund	A	<u>13,106</u>	<u>-</u>
Subtotal		<u>245,251</u>	<u>37,500</u>
TOTAL ASSETS		<u>\$ 2,793,182</u>	<u>\$ 1,554,713</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-10	\$ 24,933	\$ 24,935
Appropriation Reserves	A-3:9	102,632	77,512
Accounts Payable	A	246	-
Amount Due To Grant Fund	A	13,106	-
Amount Due To Other Trust	A-26	627,200	-
Amount Due To General Capital Fund	C	49,339	50,011
Amount Due To Water Operating Fund	D	146,575	-
Amount Due To Sewer Operating Fund	E	6,614	-
Taxes Collected In Advance	A-11	31,763	30,495
Tax Overpayments	A-12	11,504	18,601
County Taxes Payable	A-13	-	7,316
Local District School Taxes Payable	A-14	-	4,835
Garbage District Tax Payable	A-15	-	524
Municipal Open Space Tax Payable	A-16	24,287	11,015
Reserve for Outside Liens	A-18	-	7,055
Reserve for Sale of Municipal Assets	A-22	21,440	21,440
Reserve for Pending Tax Appeals	A-23	72,222	72,222
Reserve for Revaluation	A-24	1,850	1,850
Subtotal		<u>1,133,711</u>	<u>327,811</u>
Reserve For Receivables And Other Assets	A	660,706	698,119
Fund Balance	A-1	<u>753,514</u>	<u>491,283</u>
Subtotal		<u>2,547,931</u>	<u>1,517,213</u>
Federal And State Grant Fund:			
Due to Water Utility Fund	D	221	221
Due Current Fund	A	-	7,747
Encumbrances	A	-	-
Reserve For State Grants - Appropriated	A-20	212,280	25,290
Reserve For State Grants - Unappropriated	A-21	<u>32,750</u>	<u>4,242</u>
Subtotal		<u>245,251</u>	<u>37,500</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,793,182</u>	<u>\$ 1,554,713</u>

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
Fund Balance Utilized	A-2	\$ 270,000	\$ 270,000
Miscellaneous Revenue Anticipated	A-2	946,156	736,552
Receipts From Delinquent Taxes	A-2	325,711	184,752
Receipts From Current Taxes	A-2	11,056,721	10,593,176
Non-Budget Revenues	A-2	96,059	57,983
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	22,427	34,781
Grants Canceled	A-20		75,116
Interfunds Returned	A:B:D:E	29,849	35,532
TOTAL INCOME		<u>12,746,923</u>	<u>11,987,892</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	582,409	578,200
Other Expenses	A-3	1,116,686	1,020,148
Statutory Expenditures	A-3	139,294	137,007
Operations Excluded from "CAPS":			
Other Expenses	A-3	1,745,392	1,655,157
Capital Improvements	A-3	201,500	6,000
Municipal Debt Service	A-3	429,064	613,247
Deferred Charges to Future Taxation	A-3	25,749	3,000
County Taxes	A-13	1,129,824	1,130,322
Amount Due County For Added and Omitted Taxes	A-13	11,595	7,316
Local District School Taxes	A-14	6,438,056	6,177,367
Garbage District Tax	A-15	382,871	377,000
Municipal Open Space Tax	A-16	13,272	11,013
Refund of Prior Year Revenue	A-4	-	19,739
Interfund Advances	A:D	20,180	7,922
TOTAL EXPENDITURES		<u>12,235,892</u>	<u>11,743,438</u>
Excess (Deficit) Revenue Over Expenditures		511,031	244,454
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	21,200	34,052
Statutory Excess To Fund Balance		532,231	278,506
Fund Balance January 1	A	491,283	482,777
		1,023,514	761,283
Decreased by:			
Utilization as Anticipated Revenue	A-1	270,000	270,000
Fund Balance December 31	A	<u>\$ 753,514</u>	<u>\$ 491,283</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2

		<u>ANTICIPATED</u>		<u>REVENUE</u>	<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>RECEIVED</u>	<u>DEFICIT</u>
Surplus Anticipated		\$ 270,000	-	\$ 270,000	
Licenses:					
Alcoholic Beverages-Clerk	A-8	4,000		9,375	\$ (5,375)
Beach Concession Fees	A-8	17,000		12,979	4,021
Fines and Costs:					
Municipal Court	A-8	80,000		71,812	8,188
Interest and Costs on Taxes	A-5	41,000		71,984	(30,984)
Interest on Investments	A-8	2,500		2,098	402
Consolidated Municipal Property Tax Relief	A-8	18,435		18,435	
Energy Receipts Tax	A-8	264,908		264,908	
Uniform Construction Code Fees	A-8	35,000		73,161	(38,161)
Clean Communities Program	A-19	6,208		6,208	
Recycling Tonnage Grant	A-19	2,742		2,742	
NJDOT - Safe Route to Schools Grant	A-19		195,500	195,500	
Bridget Snith House Grant	A-21:19	1,500	12,280	13,780	
NJDEP - Recreation Trail Grant	A-19	24,365		24,365	
Cable TV Franchise Fees	A-8	33,000		33,694	(694)
Cell Tower Leases	A-8	88,000		63,886	24,114
Water Fund Surplus	A-8	30,000		30,000	-
General Capital Fund Surplus	A-8	6,672		6,672	-
Fire Safety Fees	A-8	3,000		11,902	(8,902)
Verizon Francise Fees	A-8	10,030	-	32,655	(22,625)
Total Miscellaneous Revenues		668,360	207,780	946,156	(70,016)
Receipts from Delinquent Taxes	A-1	237,743	-	325,711	(87,968)
Amount to be Raised by Taxation	A-6	3,274,096	-	3,520,188	(246,092)
Total General Revenues		4,450,199	207,780	5,062,055	(404,076)
Non-Budget Revenues	A-2			96,059	(96,059)
		\$ 4,450,199	\$ 207,780	\$ 5,158,114	\$ (500,135)

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

CURRENT FUND
STATEMENT OF REVENUES

ANALYSIS OF REALIZED REVENUES	<u>REF.</u>
Allocation Of Current Tax Collections:	
Revenue from Collections	\$ 11,006,955
State of New Jersey, Senior Citizens and Veterans Deductions	<u>49,766</u>
	A-6 11,056,721
Allocated To:	
School, County, Garbage and Municipal Open Space Taxes	A-6 <u>7,975,618</u>
Balance for Support of Municipal Budget	3,081,103
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3 <u>439,085</u>
Amount For Support Of Municipal Budget Appropriations	A-2 <u>\$ 3,520,188</u>

ANALYSIS OF NON-BUDGET REVENUES	<u>REF</u>
Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Clerk	\$ 5,203
Refund - Dispatch Fee	4,734
Verizon	11,202
Safe Water Refund	1,445
Permits/Raffle License	984
Sheraton Refund	1,144
Highway	28,441
Miscellaneous	<u>41,989</u>
	A-4 95,142
Tax Collector	
Miscellaneous	A-5 <u>917</u>
	<u>\$ 96,059</u>

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages	\$ 102,500	\$ 83,432	\$ 83,432	-
Other Expenses:				
Information Tech - Community Communications	5,000	2,950	2,800	\$ 150
Information Tech - Infrastructure	6,000			
Miscellaneous Other Expenses	35,000	35,000	34,416	584
Human Resources(Personnel):				
Salaries and Wages	2,000	1,365	1,365	
Mayor and Council:				
Salaries and Wages	20,750	19,769	19,144	625
Other Expenses	3,000	5,000	4,490	510
Municipal Clerk:				
Salaries and Wages	40,000	44,327	44,327	
Other Expenses:				
Codification of Ordinances(Special Emergency(40A:4-55)		21,200	10,600	10,600
Miscellaneous Other Expenses	11,000	11,000	7,861	3,139
Financial Administration:				
Salaries and Wages	30,500	28,167	28,167	
Other Expenses	27,800	37,730	37,730	
Audit Services:				
Other Expenses	17,000	17,000	17,000	
Revenue Administration (Tax Collection):				
Salaries and Wages	26,138	32,315	32,315	
Other Expenses	6,000	6,630	6,630	
Tax Assessment Administration:				
Salaries and Wages	20,724	21,629	21,629	
Other Expenses	2,000	3,790	3,787	3
Legal Services (Legal Dept.):				
Other Expenses	124,000	124,000	112,059	11,941
Engineering Services:				
Other Expenses	47,000	47,000	33,849	13,151
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	4,500	3,847	3,847	
Other Expenses	2,500	3,500	3,186	314
Zoning Officer:				
Salaries and Wages	9,000	6,000	5,162	838
Other Expenses	200	200		200

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
INSURANCE:				
General Liability Insurance	87,666	92,926	92,926	
Workmens Compensation Insurance	84,753	92,942	92,942	
Employee Group Insurance	252,515	236,339	231,966	4,373
 PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	11,000	10,943	10,943	
Other Expenses	100			
Office of Emergency Management:				
Salaries and Wages	2,600	2,605	2,605	
Other Expenses	400	400		400
Aid to Volunteer Fire Companies	75,500	50,880	45,890	4,990
Contribution to First Aid Organizations				
Other Expenses	10,000	7,500	6,418	1,082
Uniform Fire Safety Bureau:				
Salaries and Wages	7,000	10,846	10,846	
Other Expenses	600	600	449	151
 PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	151,000	189,000	188,927	73
Other Expenses	150,000	170,000	167,260	2,740
Snow Removal Trust:				
Other Expenses	10,000	10,000		10,000
Solid waste Collection:				
Salaries and Wages	1,500			

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Director of Community Programs:				
Salaries and Wages	23,000	24,194	24,194	
Other Expenses	3,000	2,000	442	1,558
Animal Control:				
Salaries and Wages	2,500	2,500	120	2,380
Other Expenses	1,000	1,000	825	175
Senior Citizen and Disabled Resident Transportation:				
Salaries and Wages	10,600	13,256	13,256	
Other Expenses	500			
Mandated Inoculations - Hepatitis B Vaccine:				
Other Expenses	100	100		100
New Jersey Public Employees' Occupational Safety and Health Act (PEOSHA):				
Other Expenses	100	100		100
PARK AND RECREATION FUNCTIONS:				
Board of Recreation Commissioners(40:12-1, et seq):				
Other Expenses	9,000	5,254	5,254	
Beach:				
Salaries and Wages	15,000	15,405	15,405	
Other Expenses	3,500	3,545	3,540	5
Celebration of Public Events, Anniversary/Holiday:				
Other Expenses	7,500	7,500	7,456	44
Contribution to Senior Citizen's Center(40:48-9.4)	1,500	1,500		1,500
UNIFORM CONSTRUCTION CODE - Appropriations Offset				
by Dedicated Revenues(N.J.A.C. 5:23-4.17:				
Construction Official:				
Salaries and Wages	33,360	31,159	31,159	
Other Expenses	6,000	16,000	14,688	1,312
Fire Subcode Official:				
Salaries and Wages	8,050	6,210	6,210	
Plumbing Subcode Official:				
Salaries and Wages	11,500	11,814	11,814	
Electrical Subcode Official:				
Salaries and Wages	10,872	11,395	11,395	
Smoke Detector Inspection:				
Salaries and Wages	6,000	6,000	2,530	3,470
Building Subcode Official:				
Salaries and Wages	15,521	6,231	6,231	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Gasoline	23,000	17,000	15,931	1,069
Electricity	15,000	17,500	16,684	816
Telephone (excluding equipment acquisition)	7,500	7,000	5,354	1,646
Heating Fuel	14,000	12,000	9,751	2,249
Street Lighting	52,000	44,000	39,659	4,341
Sewer Fees	2,600	2,600	2,511	89
Water Fees	2,000	2,000	498	1,502
Total Operations - Within "CAPS "	1,671,949	1,698,095	1,609,875	88,220
Contingent	1,000	1,000	1,000	1,000
Total Operations - Within "CAPS " - Including Contingent	1,672,949	1,699,095	1,609,875	89,220
Detail:				
Salaries and Wages	564,115	582,409	575,023	7,386
Other Expenses	1,108,834	1,116,686	1,034,852	81,834
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":				
Statutory Expenditures :				
Social Security System (O.A.S.I.)	50,000	45,011	43,898	1,113
Contribution to:				
PERS	74,703	74,746	74,746	
PFRS	15,537	15,537	15,537	
Unemployment Insurance	4,000	4,000		4,000
Total Deferred Charges and Statutory Expenditures-within "CAPS"	144,240	139,294	134,181	5,113
Total General Appropriations for Municipal Purposes Within "CAPS"	1,817,189	1,838,389	1,744,056	94,333

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>
OPERATIONS-EXCLUDED from "CAPS"			
Maintanance of Privately - Owned Library (P. L. 1985, C.82 and 541)	1,500	1,500	1,500
Health Insurance	12,485	12,485	12,485
Total Other Operations-Excluded from "CAPS"	13,985	13,985	13,985
Interlocal Municipal Service Agreements Excluded from "CAPS":			
Shared Services Interlocal Agreement:			
Police Services - Borough of Wharton	1,476,620	1,472,394	1,466,620
Radio Dispatch Services - County of Morris	57,065	61,291	61,291
Board of Health:			
Other Expenses	49,000	49,000	48,456
Municipal Court - Town of Dover:			
Other Expenses	90,000	90,000	90,000
Total Interlocal Municipal Service Agreements	1,672,685	1,672,685	1,666,367
Public and Private Programs Offset by Revenues-:			
Excluded from "CAPS"			
Matching Share for Grants	1,981	1,981	1,981
Recycling Tonnage Grant:			
Other Expenses	2,742	2,742	2,742
NJDEP Fed Hwy Admin-Recreation TRails Grant:			
Other Expenses - State Share	24,365	24,365	24,365
Other Expenses - Local Share	7,646	7,646	7,646
Bridget Smith House Grant:			
Other Expenses - State Share	1,500	1,500	1,500
Other Expenses - Local Share	2,000	2,000	2,000
Bridget Smith House Grant(C159):			
Other Expenses		12,280	12,280
Clean Communities Program(PY):			
Other Expenses	6,208	6,208	6,208
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	46,442	58,722	56,741
Total Operations-Excluded from "CAPS"	1,733,112	1,745,392	1,737,093
Detail:			
Other Expenses	1,733,112	1,745,392	1,737,093
Capital Improvements-Excluded from "CAPS":			
Capital Improvement Fund	6,000	6,000	6,000
NJ Department of Transportation(C159):			
Safe Routes to School		180,000	180,000
NJ Department of Transportation(C159):			
Safe Routes to School		15,500	15,500
Total Capital Improvements-Excluded from "CAPS"	6,000	201,500	201,500

CURRENT FUND
STATEMENT OF EXPENDITURES

	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
Municipal Debt Service-Excluded from "CAPS":				
Payment of Bond Anticipation and Capital Notes	336,930	336,930	336,930	
Interest on Bond Anticipation and Capital Notes	25,032	25,032	25,032	
Capital Lease Obligations Approved Prior to 7/1/2008:				
Principal	60,190	60,190	60,190	
Interest	6,912	6,912	6,912	
Total Municipal Debt Service	429,064	429,064	429,064	
Deferred Charges-Excluded from "CAPS":				
Emergency Authorizations	19,923	19,923	19,923	
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	5,826	5,826	5,826	
Total Deferred Charges	25,749	25,749	25,749	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"				
	2,193,925	2,401,705	2,393,406	8,299
Subtotal General Appropriations	4,011,114	4,240,094	4,137,462	102,632
Reserve For Uncollected Taxes	439,085	439,085	439,085	
TOTALS	\$ 4,450,199	\$ 4,679,179	\$ 4,576,547	\$ 102,632

A

	<u>REF.</u>	
Appropriation(40A:4-87)	A-2	\$ 207,780
Special EmergencyAppropriation(40A:4-55)	A-25	21,200
Budget	A-2	4,450,199
		\$ 4,679,179

	<u>REF.</u>	
Reserve for State Grants	A-20	\$ 252,241
Capital Improvements	C	6,000
Deferred Charges	A-25	25,749
Reserve for Encumbrances	A-10	3,853,472
Reserve for Uncollected Taxes	A-2	439,085
		\$ 4,576,547

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 7,964	\$ 3,757
Total Dog License Fund		<u>7,964</u>	<u>3,757</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	633,046	665,698
Amount Due to Current Fund	B-7	<u>651,455</u>	<u>10,983</u>
Total Other Trust Funds		<u>1,284,501</u>	<u>676,681</u>
TOTAL ASSETS		<u>\$1,292,465</u>	<u>\$ 680,438</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 7,718	\$ 3,329
Amount Due Current Fund	B-4	22	8
Reserve for Encumbrances	B-5	224	420
Prepaid Dog Fees	B-6	<u>-</u>	<u>-</u>
Total Dog License Fund		<u>7,964</u>	<u>3,757</u>
Other Trust Fund:			
Reserve for Developers Escrow	B-8	62,524	54,506
Reserve for State Unemployment Insurance	B-9	3,082	8,985
Reserve for Municipal Open Space Trust	B-10	42,274	29,153
Reserve for Other Trust Deposits	B-11	857,520	265,031
Reserve for Affordable Housing Trust	B-12	<u>319,101</u>	<u>319,006</u>
Total Other Trust Fund		<u>1,284,501</u>	<u>676,681</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,292,465</u>	<u>\$ 680,438</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash and Cash Equivalents	C-2	\$ 51,440	\$ 186,886
Cash Due from Attorney Escrow	C	110,845	110,845
Due Current Fund	C-3	49,339	50,011
Grants Receivable	C-4	368,161	380,441
Deferred Charges to Future Taxation:			
Funded	C-5	127,124	187,314
Unfunded	C-6	<u>2,673,509</u>	<u>3,010,439</u>
TOTAL ASSETS		<u>\$ 3,380,418</u>	<u>\$ 3,925,936</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-8	13,015	7,015
Lease Purchase Agreement Payable	C-9	127,123	187,313
Bond Anticipation Notes Payable	C-10	2,047,070	2,384,000
Encumbrances	C-7	20,017	7,592
Improvement Authorizations:			
Funded	C-11	263,454	305,783
Unfunded	C-11	851,044	968,866
Various Reserves	C-13	52,298	52,298
Due to Outside Agencies	C-15	6,397	6,397
Fund Balance	C-1	<u>-</u>	<u>6,672</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,380,418</u>	<u>\$ 3,925,936</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

REF.

Balance December 31, 2012

C

\$ 6,672

Decreased by:

Anticipated as Revenue - Current Fund Budget

C-2

\$ 6,672

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

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 125,924	\$ 254,611
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	88,074	89,705
Due Grants Fund	A	221	221
Due Current Fund	A	146,575	-
Due Sewer Operating Fund	E	40,000	-
Due Garbage Fund	F	110,000	-
Total Operating Fund		<u>510,794</u>	<u>344,537</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	19,017	85,951
Fixed Capital	D-8	2,209,439	2,209,439
Fixed Capital - Authorized and Uncompleted	D-9	1,055,249	1,055,249
Due Water Operating Fund	D	26,000	-
Developer Contribution Receivable	D	367	367
Total Capital Fund		<u>3,310,072</u>	<u>3,351,006</u>
TOTAL ASSETS		<u>\$ 3,820,866</u>	<u>\$ 3,695,543</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	D-3:7	\$ 2,341	\$ 21,428
Unencumbered	D-3:7	175,521	94,224
Due Water Capital Fund	D	26,000	-
Water Rent Overpayments	D-5	3,021	-
Accrued Interest on Notes	D	1,584	1,584
Reserve for Receivables	D	88,074	89,705
Fund Balance	D-1	214,253	137,596
Total Operating Fund		<u>510,794</u>	<u>344,537</u>
Capital Fund:			
Encumbrances	D-10	-	6,144
Bond Anticipation Notes	D-14	388,800	432,000
Capital Improvement Fund	D-11	29,110	3,110
Improvement Authorization - Funded	D-10	3,950	4,179
Improvement Authorization - Unfunded	D-10	9,900	70,461
Deferred Reserve for Amortization	D-13	188,249	188,249
Reserve for Amortization	D-12	2,687,635	2,644,435
Fund Balance	D-1a	2,428	2,428
Total Capital Fund		<u>3,310,072</u>	<u>3,351,006</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,820,866</u>	<u>\$ 3,695,543</u>

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

WATER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

D-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
Operating Surplus	D-2	\$ 30,000	\$ 68,375
Rents	D-2	536,569	516,328
Miscellaneous	D-2	5,739	7,894
Connection Fees	D-2	2,766	42,211
Other Credits to Income			
Balance of Reserved Budget	D-7	99,017	14,876
Other Credits	D-4	-	-
Total Income		<u>674,091</u>	<u>649,684</u>
EXPENDITURES			
Operating	D-3	460,000	429,645
Capital Improvements	D-3	26,000	26,000
Debt Service	D-3	46,434	95,255
Deferred Charges and Statutory Expenditures	D-3	9,000	45,532
Interfund Advance	D-4	26,000	3,118
Total Expenditures		<u>567,434</u>	<u>599,550</u>
Excess (Deficit) Revenue Over Expenditures		106,657	50,134
Statutory Excess To Fund Balance		106,657	50,134
Balance January 1	D	<u>137,596</u>	<u>155,837</u>
		244,253	205,971
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>30,000</u>	<u>68,375</u>
Balance December 31	D	<u>\$ 214,253</u>	<u>\$ 137,596</u>

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

WATER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

D-1a

	<u>REF.</u>		
Balance December 31, 2012	C	\$	2,428
Balance December 31, 2013	C	\$	<u>2,428</u>

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

WATER UTILITY FUND
STATEMENT OF REVENUES

D-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 30,000	\$ 30,000	
Rents	D-1	512,000	536,569	\$ 24,569
Connection Fees	D-1	-	2,766	2,766
Miscellaneous - Interest	D-1	952	5,739	4,787
 Total WATER Utility Revenue		<u>\$ 542,952</u>	<u>\$ 575,074</u>	<u>\$ 32,122</u>
 REF.		 D-3	 D-1	

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

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

D-3

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED CANCELED</u>
OPERATING:				
Salaries and Wages	\$ 80,000	\$ 80,000	\$ 55,193	\$ 24,807
Other Expenses	380,000	380,000	234,366	145,634
Statutory Expenditures	9,000	9,000	3,920	5,080
Capital Improvement Fund	26,000	26,000	26,000	
Debt Service - Principal	43,200	43,200	43,200	
Debt Service - Interest	4,752	4,752	3,234	\$ 1,518
Total WATER Utility Appropriations	<u>\$ 542,952</u>	<u>\$ 542,952</u>	<u>\$ 365,913</u>	<u>\$ 175,521</u> <u>\$ 1,518</u>
REF.	D-2			D D-1

Paid	D-4	\$ 363,572
Charged - Encumbered	D	<u>2,341</u>
		<u>\$ 365,913</u>

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

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	REF.	BALANCE <u>12/31/13</u>	BALANCE <u>12/31/12</u>
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 295,604	\$ 173,072
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	E-6	51,776	50,372
Deferred Charges - Emergencies	E-1	10,500	8,348
Due Current Fund	E	<u>6,614</u>	<u>-</u>
Total Operating Fund		<u>364,494</u>	<u>231,792</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	117,219	117,219
Fixed Capital	E-8	2,089,805	2,089,805
Fixed Capital - Authorized and Uncompleted	E-9	950,000	950,000
CDBG Receivable	E	3,529	3,527
Due Sewer Operating Fund	E	<u>120,291</u>	<u>120,291</u>
Total Capital Fund		<u>3,280,844</u>	<u>3,280,842</u>
TOTAL ASSETS		<u>\$ 3,645,338</u>	<u>\$ 3,512,634</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	E-3:7	\$ 565	\$ 565
Unencumbered	E-3:7	942	973
Prepaid Sewer Rents	E-5:6	1,666	930
Due Sewer Capital Fund	E	120,291	120,291
Due Current Fund	E	-	5,329
Due Water Operating Fund	E	40,000	-
Accrued Interest on Notes	E	33,584	33,584
Reserve for Receivables	E	51,776	50,372
Fund Balance	E-1	<u>115,670</u>	<u>19,746</u>
Total Operating Fund		<u>364,494</u>	<u>231,790</u>
Capital Fund:			
Bond Anticipation Notes	E-14	336,000	378,000
Serial Bonds Payable	E-15	896,000	936,000
NJ Environmental Trust Loans	E-16	300,000	365,000
Capital Improvement Fund	E-11	12,018	12,018
Improvement Authorization - Funded	E-10	14,440	14,440
Improvement Authorization - Unfunded	E-10	211,068	211,068
Deferred Reserve for Amortization	E-13	87,500	87,500
Reserve for Amortization	E-12	1,420,305	1,273,305
Fund Balance	E-1a	<u>3,513</u>	<u>3,513</u>
Total Capital Fund		<u>3,280,844</u>	<u>3,280,844</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,645,338</u>	<u>\$ 3,512,634</u>

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

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

E-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
Operating Surplus	E-2	-	\$ 10,000
Rents	E-2	\$ 423,090	335,725
Miscellaneous	E-2	13,796	76,425
NJ Environmental Infrastructure Trust - Savings Credits	E-2	-	29,423
Other Credits to Income			
Balance of Reserved Budget	E-7	973	3,132
Total Income		<u>437,859</u>	<u>454,705</u>
EXPENDITURES			
Operating	E-3	180,828	151,664
Debt Service	E-3	162,088	262,790
Deferred Charges and Statutory Expenditures	E-3	9,519	29,500
Other Charges	E-4	-	-
Total Expenditures		<u>352,435</u>	<u>443,954</u>
Excess (Deficit) Revenue Over Expenditures		85,424	10,751
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	E-3	<u>10,500</u>	<u>8,348</u>
Statutory Excess To Fund Balance		95,924	19,099
Balance January 1	E-1	<u>19,746</u>	<u>10,647</u>
		115,670	29,746
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>-</u>	<u>10,000</u>
Balance December 31	E	<u>\$ 115,670</u>	<u>\$ 19,746</u>

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

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

E-1a

	<u>REF.</u>	
Balance December 31, 2012	E	<u>\$ 3,513</u>
Balance December 31, 2013	E	<u>\$ 3,513</u>

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

SEWER UTILITY FUND
STATEMENT OF REVENUES

E-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
User Fees and Charges	E-1	\$ 335,086	\$ 423,090	\$ 88,004
NJ Environmental Savings Credit	E-1	28,000	-	(28,000)
Miscellaneous - Interest	E-1	25,000	13,796	(11,204)
 Total Sewer Utility Revenue		<u>\$ 388,086</u>	<u>\$ 436,886</u>	<u>\$ 48,800</u>
 REF.		 E-3	 E-1	

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

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

E-3

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>CANCELED</u>	<u>RESERVED</u>
OPERATING:					
Salaries and Wages	\$ 24,000	\$ 14,665	\$ 14,665		-
Other Expenses	145,000	166,163	165,221		\$ 942
Statutory Expenditures	2,500	1,171	1,171		-
Deferred Charge - Emergency	8,348	8,348	8,348		-
Debt Service	208,238	208,238	162,088	\$ 46,150	-
Total Sewer Utility Appropriations	\$ 388,086	\$ 398,585	\$ 351,493	\$ 46,150	\$ 942

	REF.				
Emergency Appropriation(40A:4-46)	A-2	\$ 10,500			E-1
Original Budget	A-2	<u>388,086</u>			D
		<u>\$ 398,586</u>			
			Paid	E-4	
			Deferred Charges	E	\$ 342,580
			Charged - Encumbered	E	8,348
					<u>565</u>
					<u>\$ 351,493</u>

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

SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE BALANCE SHEET

F

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Assets:			
Cash and Cash Equivalents	F-4	\$ 185,832	\$ 57,658
Due Current Fund	F	<u>-</u>	<u>524</u>
TOTAL ASSETS		<u>\$ 185,832</u>	<u>\$ 58,182</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves :			
Encumbured	F-3:7	\$ 148	\$ 22,750
Unencumbered	F-3:7	34,321	20,541
Due Water Operating Fund	D	110,000	-
Reserve for Receivables	F	-	524
Fund Balance	F-1	<u>41,363</u>	<u>14,367</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 185,832</u>	<u>\$ 58,182</u>

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

SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

F-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
Operating Surplus	F-2		\$ 50,000
District Tax	F-2	\$ 382,871	377,000
Miscellaneous	F-2	59	70
Other Credits to Income			
Interfund Returned	A	525	-
Balance of Reserved Budget	F-7	20,541	4,850
Total Income		<u>403,996</u>	<u>431,920</u>
EXPENDITURES			
Operating	F-3	374,000	424,000
Deferred Charges and Statutory Expenditures	F-3	3,000	3,000
Interfunds Advanced	F-3	-	-
Total Expenditures		<u>377,000</u>	<u>427,000</u>
Excess (Deficit) Revenue Over Expenditures		26,996	4,920
Balance January 1	F-1	<u>14,367</u>	<u>59,447</u>
		41,363	64,367
Decreased by:			
Utilized as Anticipated Revenue	F-1	-	50,000
Balance December 31	F	<u>\$ 41,363</u>	<u>\$ 14,367</u>

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

SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF REVENUES

F-2

	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Special District Tax	\$ 377,000	\$ 382,871	\$ 5,871
Miscellaneous - Interest		59	59
Total Garbage District Revenue	<u>\$ 377,000</u>	<u>\$ 382,930</u>	<u>\$ 5,930</u>

REF.

F-3

F-1

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

SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF EXPENDITURES

F-3

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Contractual Services	\$ 334,000	\$ 334,000	\$ 318,595	\$ 15,405
Other Expenses	10,000	10,000	1,441	8,559
Salaries and Wages	30,000	30,000	20,890	9,110
Statutory Expenditures	3,000	3,000	1,753	1,247
Total Garbage District Appropriations	\$ 377,000	\$ 377,000	\$ 342,679	\$ 34,321

REF.

F-2

F-2

D

Paid	F-4	\$ 342,531
Charged - Encumbered	F	148
		\$ 342,679

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

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2013
(UNAUDITED)

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
General Fixed Assets:		
Land and Buildings	\$ 14,780,500	\$ 14,780,500
Buildings and Improvements	678,177	636,021
Machinery and Equipment	1,990,474	1,898,996
Total General Fixed Assets	<u><u>\$ 17,449,151</u></u>	<u><u>\$ 17,315,517</u></u>
Investment In General Fixed Assets	<u><u>\$ 17,449,151</u></u>	<u><u>\$ 17,315,517</u></u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

H

ASSETS	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
Cash and Cash Equivalents	\$ 39,005	\$ 15,728
TOTAL ASSETS	<u>\$ 39,005</u>	<u>\$ 15,728</u>
 LIABILITIES AND RESERVES 		
Payroll Deductions Payable	\$ 39,005	\$ 15,728
TOTAL LIABILITIES AND RESERVES	<u>\$ 39,005</u>	<u>\$ 15,728</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

The accounting policies of the Township of Mine Hill conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Mine Hill accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

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

Trust Funds

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

General Capital Fund

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

Water Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Water Utility.

Sewer Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

Special Garbage District Fund

Account for the operations and collection of special district taxes for the cost of providing garbage collection.

General Fixed Assets Account Group

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

C. Basis of Accounting

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

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

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

Expenditures--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

General fixed assets are recorded at estimated historical cost except for land which is recorded at 1992 assessed values, and buildings which are recorded at 1992 replacement values. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Capital Funds. The values recorded in the General Fixed Assets Account and the Current and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures.

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

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

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

**General Capital Fund
Trust Fund**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures (Continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year.

The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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

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

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ <u>3,310,537</u>	\$ <u>3,310,537</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2013, was \$3,310,537 and the bank balance was \$3,336,975. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$562,557 was covered by federal depository insurances and \$2,774,418 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: LONG-TERM DEBT

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Debt:				
Bond Anticipation Notes	\$ 3,194,000		\$ 378,930	\$ 2,815,070
Capital Leases	187,313		60,190	127,123
New Jersey Trust Loans	365,000		65,000	300,000
Total Long-Term Debt	<u>\$ 3,746,313</u>	-	<u>\$ 504,120</u>	<u>\$ 3,242,193</u>

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

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2013</u>	YEAR <u>2012</u>	YEAR <u>2011</u>
Issued			
General:			
Bonds and Notes	\$ 2,174,193	\$ 2,571,313	\$ 2,938,361
Water Utility:			
Bonds and Notes	388,800	432,000	93,000
Sewer Utility:			
Bonds and Notes	1,532,000	1,679,000	1,871,482
Net Debt Issued	<u>4,094,993</u>	<u>4,682,313</u>	<u>4,902,843</u>
Less:			
Statutory Deductions	1,920,800	2,111,000	982,203
Reserve to Pay Debt Service			
	<u>2,174,193</u>	<u>2,571,313</u>	<u>3,920,640</u>

Authorized But Not Issued

General:			
Bonds and Notes	626,440	626,440	188,101
Water Utility:			
Bonds and Notes			
Sewer Utility:			
Bonds and Notes			
Total Authorized But Not Issued	<u>626,440</u>	<u>626,440</u>	<u>188,101</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,800,633</u>	<u>\$ 3,197,753</u>	<u>\$ 4,108,741</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.63%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,498,000	\$ 1,498,000	
Water and Sewer Utility Debt	1,920,800	1,920,800	
General Debt	2,800,633	-	\$ 2,800,633
	\$ 6,219,433	\$ 3,418,800	\$ 2,800,633

Summary of Statutory Debt Condition - Annual Debt Statement - (Continued)

Net Debt \$ 2,800,633 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended \$ 444,363,891 equals 0.630%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 15,552,736
Net Debt	2,800,633
Remaining Borrowing Power	\$ 12,752,103

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar <u>Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	None		None		\$ 110,000	\$ 52,559
2015					115,000	47,539
2016					115,000	42,229
2017					120,000	36,879
2018					50,000	31,279
2019-2023	-	-	-	-	686,000	90,333
	-	-	-	-	\$ 1,196,000	\$ 300,818

General Obligation Bonds and Loans

Sewer Improvement Bonds-dated October 1, 2003, issued in the original amount of \$921,000 with interest rates of 2.75% to 3.5%, maturing on Septemeber 15, 2023. The remaining balance as of December 31, 2013, was \$746,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating Fund of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds and Loans - (Continued)

Sewer Refunding Bonds-dated October 1, 2003, issued in the original amount of \$300,000 with interest rates of 2.75% to 4.4%, maturing on September 15, 2023. The remaining balance as of December 31, 2013, was \$150,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating Fund of the Township.

New Jersey Environmental Infrastructure Trust Loan (Wastewater Trust Loan)-dated October 15, 1997, issued in the original amount of \$955,000 with interest rates of 4.0% to 5.0%, maturing on August 1, 2017. The remaining balance as of December 31, 2013, was \$300,000. Outstanding loan principal and interest is paid from the Sewer Utility Operating Fund of the Township.

Bond Anticipation Notes

The Township has outstanding at December 31, 2013, bond anticipation notes in the amount of \$2,771,870 payable to Peapack-Gladstone Bank. These notes mature on May 9, 2014. The interest rate on the notes are 0.69% payable at maturity. Principal and interest on this note is paid from the current fund budget and the water and sewer operating utility budgets.

Lease Purchase Agreements Payable

On August 1, 2005, the Township entered into a lease purchase agreement with the Morris County Improvement Authority (MCIA) in the amount of \$552,750 with an interest rate of 3.69%, which represents a direct obligation of the Township. The lease purchase agreement was obtained to finance the purchase of a fire truck. Principal payments commenced August 1, 2006 and will continue on an annual basis over ten years. The principal balance payable is \$127,123 as of December 31, 2013. Lease principal and interest on this agreement is paid from the current fund budget.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 2,174,193
Total Water Utility Bonds, Loans and Notes Above	388,800
Total Sewer Utility Bonds, Loans and Notes Above	<u>1,532,000</u>
Total Debt Issued and Outstanding	<u>\$ 4,094,993</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 4: GENERAL FIXED ASSETS

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

	Balance <u>1/1/13</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/13</u>
Land and Buildings	\$ 14,780,500	-		\$ 14,780,500
Buildings and Improvements	636,021	\$ 42,156		678,177
Machinery and Equipment	1,898,996	91,478	-	1,990,474
	<u>\$ 17,315,517</u>	<u>\$ 133,634</u>	<u>-</u>	<u>\$ 17,449,151</u>

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$465,000	(Introduced Budget)
Water Utility Fund	\$50,600	(Introduced Budget)
Sewer Utility Fund	None	(Introduced Budget)
Special Garbage District	\$20,000	(Introduced Budget)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The Township elected to fund various capital ordinances over a five year period through the municipal operating budget. At December 31, 2013, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/12</u>	Raised as 2013 Budget <u>Appropriation</u>	Resulting <u>from 2013</u>	Balance to Succeeding <u>Budgets</u>
<u>Current Fund:</u>				
Emergency Appropriation (40A:4-46)	\$ 19,923	\$ 19,923		
Special Emergency Appropriation (40A:4-55.1)	12,000	3,000	\$ 21,200	\$ 30,200
Special Emergency Appropriation (40A:4-54)	<u>14,129</u>	<u>2,826</u>	<u>-</u>	<u>11,303</u>
	<u>\$ 46,052</u>	<u>\$ 25,749</u>	<u>\$ 21,200</u>	<u>\$ 41,503</u>

The appropriations in the 2014 Budget are not less than that required by statute.

Note 7: SCHOOL TAXES

The Township of Mine Hill has elected not to defer school taxes. School taxes are levied and collected in the period to which they relate, July 1 through June 30, and are turned over to the school district on a monthly basis.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 8: PENSIONS

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 8: PENSIONS-(Continued)

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

Three-Year Trend Information for PERS and PFRS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2013	\$90,283	100%	-0-
2012	\$83,007	100%	-0-
2011	\$83,474	100%	-0-

Note 9: POST-RETIREMENT BENEFITS

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

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

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

Note 10: ACCRUED SICK AND VACATION BENEFITS

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 10: ACCRUED SICK AND VACATION BENEFITS-(Continued)

The Township has, through contractual obligation, permitted Department of Public Works employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon amount as determined by the Township council. At the time of audit the cost of such unpaid compensation totaled \$18,536 Such compensation would be included in the Township's budget operating expenditures in the year it is used.

Note 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Township is involved with various litigation matters. We are advised by Township Counsel, that the Township is involved in current litigation matters that could have a material impact on the Financial Statements, however the financial impact is unknown at this time.

Note 12: OTHER REQUIRED DISCLOSURES

F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2013:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 54	\$ 867,121
Federal/State Grants Fund	13,106	221
General Capital Fund	49,339	-
Animal Control Fund	-	22
Other Trust Funds	651,455	-
Water Operating Fund	296,796	26,000
Water Capital Fund	26,000	-
Sewer Operating Fund	6,614	160,291
Sewer Capital Fund	120,291	-
Special Garbage District Fund	-	110,000
	<u>\$ 1,163,655</u>	<u>\$ 1,163,655</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 13: RISK FINANCING

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

Note 16: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Mine Hill Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP 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. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Mine Hill Township authorized participation in the SHBP's post-retirement benefit program through resolution in accordance with the provisions of Chapter 88, P.L. 1974, as amended by Chapter 436, P.L. 1981.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. 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 SHBP. 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 <http://www.state.nj.us/treasury/pensions/audit-rpts-2013/shbp-12.pdf>

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Mine Hill Township on a monthly basis.

The Mine Hill Township contributions to SHBP for the years ended December 31, 2013, 2012, and 2011, were \$107,840, \$80,687, and \$54,935 respectively, which equaled the required contributions for each year. There were approximately six retired participants eligible at December 31, 2013, 2012, and 2011.

PART II
SUPPLEMENTARY INFORMATION
CURRENT FUND SCHEDULES

CURRENT FUND/FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH -TREASURER

A-4

	REF.	CURRENT FUND
Balance December 31, 2012	A	\$ 762,806
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	\$ 95,142
Interfunds Returned	A-1	29,849
Collector	A-5	12,157,175
Revenue Accounts Receivable	A-8	619,811
Senior Citizens/Veterans Deductions	A-17	49,766
Federal/State Grant Funds	A-19/21	76,458
Interfund Receipts	B/C/D/E	178,685
		13,206,886
		13,969,692
Decreased by Disbursements:		
2012 Appropriation Reserves	A-9	79,800
Reserve for Encumbrances	A-10	3,886,242
County Taxes	A-13	1,148,735
Local District School Tax	A-14	6,442,891
Regional District School Tax	A-15	383,395
Outside Liens	A-18	105,792
Federal/State Grant Funds	A-20	65,251
Reserve for Tax Sale Premium	A-26	22,100
		12,134,206
Balance December 31, 2013	A	\$ 1,835,486

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	71,984	
Miscellaneous	A-2		917	
Taxes Receivable	A-6		11,300,452	
Tax Title Liens	A-7		1,719	
2014 Prepaid Taxes	A-11		31,763	
Tax Overpayments	A-12		2,303	
Reserve for Tax Sale Premiums	A-26		649,300	
Reserve for Tax Outside Liens	A-18		<u>98,737</u>	<u>\$ 12,157,175</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			<u>\$ 12,157,175</u>
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CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>ADDED</u>	<u>2013</u>	<u>CASH COLLECTIONS</u>		<u>TRANSFERRED</u>	<u>CANCELLED</u>	<u>BALANCE</u>
	<u>12/31/12</u>	<u>TAXES</u>	<u>LEVY</u>	<u>2012</u>	<u>2013</u>	<u>TO TAX</u> <u>TITLE LIENS</u>		<u>12/31/13</u>
2012	\$ 314,801	\$ 9,191			\$ 323,992			-
	314,801	9,191			323,992			-
2013			\$ 11,347,555	\$ 30,495	11,026,226	\$ 21,657	\$ 16,231	\$ 252,946
TOTALS	\$ 314,801	\$ 9,191	\$ 11,347,555	\$ 30,495	\$ 11,350,218	\$ 21,657	\$ 16,231	\$ 252,946

REF.	A		A-12			A-7		A
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REF.

State of New Jersey -- Senior Citizens
and Veterans Deductions
Received by Collector

A-2	\$ 49,766
A-5	<u>11,300,452</u>
	<u>\$ 11,350,218</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax		\$ 10,848,529
Special District Taxes-Garbage		377,000
Special District Taxes-Open Space		11,017
Added Taxes (54:4-63.1 et.seq.)		<u>111,009</u>
		<u>\$ 11,347,555</u>

Tax Levy:

	<u>REF.</u>	
Local District School Tax	A-14	\$ 6,438,056
Garbage District Tax	A-15	382,871
Municipal Open Space Tax	A-16	13,272
County Taxes:		
County Tax (Abstract)	A-13	\$ 1,078,988
County Open Space Tax	A-13	50,836
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-13	<u>11,595</u>
Local Tax for Municipal Purposes	A-2	1,141,419
Add: Additional Tax Levied		3,274,096
		<u>97,841</u>
		<u>\$ 11,347,555</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 343,766
Increased by:		
Transfers from Utility Billing		\$ 12,452
Interest and Costs		20
Transfers from Taxes Receivable	A-6	<u>21,657</u>
		<u>34,129</u>
		377,895
Decreased by:		
Paid	A-5	<u>1,719</u>
Balance December 31, 2013	A	<u>\$ 376,176</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>ACCRUED</u> <u>IN 2013</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/13</u>
Licenses:					
Alcoholic Beverages	A-2		\$ 9,375	\$ 9,375	
Beach Concession Fees	A-2		12,979	12,979	
Municipal Court:					
Fines and Costs	A-2	\$ 2,936	71,812	66,718	\$ 8,030
Interest on Investments and Deposits	A-2		2,098	2,098	
Consolidated Municipal Property Tax Relief	A-2		18,435	18,435	
Energy Receipts Tax	A-2		264,908	264,908	
Uniform Construction Code Fees	A-2		73,161	73,161	
Cable TV Franchise Fees	A-2		33,694	33,694	
Cell Tower Leases	A-2		63,886	63,886	
Garbage District Fund Balance	A-2		30,000	30,000	
Fire Safety Fees	A-2		11,902	11,902	
Verizon Franchise Fees	A-2		32,655	32,655	
 Totals		<u>\$ 2,936</u>	<u>\$ 624,905</u>	<u>\$ 619,811</u>	<u>\$ 8,030</u>
REF.		A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

A-9
Sheet 1

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u> <u>12/31/12</u>	<u>PAID</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LASPED</u>
General Administration:				
Other Expenses	\$ 165	\$ 3,505	\$ 3,481	\$ 24
Municipal Clerk:				
Other Expenses	58	1,191	1,097	94
Financial Administration:				
Other Expenses	159	839	836	3
Tax Collection:				
Other Expenses	65	6	1	5
Legal:				
Other Expenses	514	9,024	9,020	4
Planning Board:				
Other Expenses	918	666	663	3
Building Official:				
Other Expenses	480	895	890	5
Employee Group Insurance:				
Other Expenses	31	1,099	1,093	6
Aid to Volunteer Fire Department:				
Other Expenses	20,642	23,288	22,489	799
Contribution to First Aid Organizations:				
Other Expenses	747	489	485	4
Uniform Fire Safety Official:				
Salaries and Wages	119	23	20	3
Streets and Roads (DPW) Maintenance:				
Other Expenses	15,146	41,380	27,248	14,132
Community Programs:				
Other Expenses	288	188	184	4
Recreation:				
Other Expenses	32	636	584	52
Aid to Library:				
Other Expenses	18	515	511	4
Celebration of Public Events:				
Other Expenses	162	162	159	3
Unclassified:				
Electricity	2,218	1,890	1,885	5
Street Lighting	5,002	5,963	5,960	3
Telephone	1,192	512	508	4
Gasoline and Diesel	1,357	327	323	4
Heating Fuel	3,359	2,219	2,213	6
Water	911	151	150	1
Other Accounts - No Change	23,929	7,259		7,259
TOTALS	\$ 77,512	\$ 102,227	\$ 79,800	\$ 22,427

A

A-4

A-1

Appropriation Reserve	A	\$ 77,512
Encumbrances	A-10	24,715
		<u>\$ 102,227</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>		
Balance December 31, 2012	A	\$	24,935
Increased by:			
Encumbrances Added		\$	57,703
Transfer from Current Year Appropriations	A-3	<u>3,853,472</u>	<u>3,911,175</u>
			3,936,110
Decreased by:			
Encumbrances Cancelled	A		220
Transfer to Appropriations Reserve	A-9		24,715
Cash Disbursements	A-4	<u>3,886,242</u>	<u>3,911,177</u>
Balance December 31, 2013	A	\$	<u>24,933</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 30,495
Increased by:		
2014 Taxes Collected in Advance	A-5	<u>31,763</u> 62,258
Decreased by:		
Applied to 2013 Taxes Receivable	A-6	<u>30,495</u>
Balance December 31, 2013	A	<u>\$ 31,763</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-12

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 18,601
Increased by:		
2013 Tax Overpayments	A-5	<u>2,303</u>
		20,904
Decreased by:		
Cancelled		<u>9,400</u>
Balance December 31, 2013	A	<u>\$ 11,504</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 7,316
Increased by:		
2013 Levy:		
County Taxes	A-1:6	\$1,078,988
County Open Space Tax	A-1:6	50,836
County Added and Omitted Taxes	A-1:6	<u>11,595</u>
		<u>1,141,419</u>
		1,148,735
Decreased by:		
Payments	A-4	<u>\$ 1,148,735</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>		
Balance December 31, 2012:			
School Tax Payable	A	\$	4,835
Increased by:			
Levy - Calendar Year 2013	A-6		6,438,056
			<u>6,442,891</u>
Decreased by:			
Payments	A-4		<u>6,442,891</u>
Balance December 31, 2013:			
School Tax Payable	A		<u>-</u>
 2013 Liability for Local District School Tax:			
Tax Paid		\$	6,442,891
Tax Payable 12/31/13			<u>-</u>
			6,442,891
Less -- Tax Payable 12/31/12			<u>4,835</u>
Amount Charged to 2013 Operations	A-1	\$	<u><u>6,438,056</u></u>

CURRENT FUND
SCHEDULE OF GARBAGE DISTRICT TAX PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2012:		
Due to Garbage District Fund	A	\$ 524
Increased by:		
Levy - 2013	A-6	<u>382,871</u> 383,395
Decreased by:		
Payments	A-4	<u>383,395</u>
Balance December 31, 2013:		
Due to Garbage District Fund	A	<u><u>-</u></u>
 2013 Liability for Garbage District Tax:		
Tax Paid		\$ 383,395
Add -- Tax Payable 12/31/13		<u>-</u> 383,395
Less -- Tax Payable 12/31/12		<u>524</u>
 Amount Charged to 2013 Operations	 A-1	 <u>\$ 382,871</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX

A-16

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 11,015
Increased by:		
Levy - 2013	A-1:A-6	\$ 11,017
Added Levy	A-1:A-6	<u>2,255</u>
		<u>13,272</u>
		24,287
Balance December 31, 2013	A	<u>\$ 24,287</u>

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

A-17

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 10,236
Increased by:		
Received in Cash From State	A-4	<u>49,766</u> 60,002
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 9,016
Veterans Deductions per Tax Billings		40,750
Sr and Vet Disallowed		<u>-</u> <u>49,766</u>
Balance December 31, 2013	A	\$ <u>10,236</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR THIRD PARTY LIENS

A-18

REF.

Balance December 31, 2012

A \$ 7,055

Increased by:

 Receipts

A-5 98,737
 105,792

Decreased by:

 Refunded

A-4 \$ 105,792

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/13</u>
Clean Communities		\$ 6,208	\$ 6,208	
NJ Dept. of Transportation	\$ 37,500		37,500	
Recreation Trails Grant		24,365		\$ 24,365
Bridget Snith House		12,280		12,280
NJDOT - Safe Routes to School Grant		195,500		195,500
Totals	<u>\$ 37,500</u>	<u>\$ 238,353</u>	<u>\$ 43,708</u>	<u>\$ 232,145</u>
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-20

	<u>BALANCE</u> <u>12/31/12</u>	TRANSFER FROM <u>2013 BUDGET</u> <u>APPROPRIATIONS</u>	<u>ADDED</u> <u>N.J.S. 40A:4-87</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/13</u>
Clean Communities - CY 09	\$ 4,500			\$ 4,500	-
Clean Communities - CY 10	6,695			6,695	-
Clean Communities - CY 11	5,226			5,226	-
Clean Communities - CY 12	6,208			6,208	-
Clean Communities - CY 13		\$ 6,208		1,822	\$ 4,386
Tonnage Grant	2,661	2,742			5,403
County Trust Grant - Bridget Snith House		1,500	\$ 12,280	13,350	430
County Trust Grant - Bridget Snith House-Local		2,000		2,000	-
Recreation Trails Grant		24,365		1,549	22,816
Recreation Trails Grant-Local		7,646		7,646	-
NJ Dept. of Transportation-Safe Routes to School			195,500	16,255	179,245
Totals	\$ 25,290	\$ 44,461	\$ 207,780	\$ 65,251	\$ 212,280
	A	A-3	A-3	A-4	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-21

	<u>BALANCE</u> <u>12/31/12</u>	TRANSFER TO 2013 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/13</u>
Recycling Grant	\$ 2,742	\$ 2,742	\$ 2,165	\$ 2,165
Clean Communities			1,080	1,080
County Trust Grant - Bridget Snith House	1,500	1,500		-
Public Law and Safety Grant			29,505	29,505
Totals	\$ 4,242	\$ 4,242	\$ 32,750	\$ 32,750
	A	A-20	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-22

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 21,440</u>
Balance December 31, 2013	A	<u>\$ 21,440</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR PENDING TAX APPEALS

A-23

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 72,222</u>
Balance December 31, 2013	A	<u>\$ 72,222</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR REVALUATION OF PROPERTY

A-24

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 1,850</u>
Balance December 31, 2013	A	<u>\$ 1,850</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AND SPECIAL EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/12</u>	<u>CURRENT YEAR AUTHORIZATIONS</u>	<u>APPROPRIATED 2013 BUDGET</u>	<u>BALANCE 12/31/13</u>
Emergency (40A:4-46)	Fire Department Turnout	12/20/12	\$ 19,923	\$ 19,923		\$ 19,923	-
Special Emergency (40A:4-55.1)	Flood - Hurricane Irene	10/18/11	15,000	12,000		3,000	\$ 9,000
Special Emergency (40A:4-54)	Hurricane Sandy	12/20/12	14,129	14,129		2,826	11,303
Special Emergency (40A:4-55.1)	Codification of Ordinances	4/18/13			\$ 21,200		21,200
Totals				\$ 46,052	\$ 21,200	\$ 25,749	\$ 41,503
REF.				A	A-3	A-3	A

CURRENT FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

A-26

REF.

Increased by:

Receipts

A-5 \$ 649,300
 649,300

Decreased by:

Escheated

A-4 22,100

Balance December 31, 2013

A \$ 627,200

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>		<u>OTHER</u>
	<u>REF.</u>	<u>LICENSES</u>		<u>OTHER</u>
Balance December 31, 2012	B	\$ 3,757	\$	665,698
Increased by Receipts:				
Dog License Fees	B-3	7,625		
Amount Due Current Fund	B-4	14		
Prepaid Fees	B-6	-		
Developers Escrow Deposits	B-7			31,801
State Unemployment Insurance Deposits	B-8			13
Municipal Open Space Trust Deposits	B-9			36
Other Trust Deposits	B-10			17,157
Affordable Housing Trust Deposits	B-11			95
Total Receipts		7,639		49,102
		11,396		714,800
Decreased by Disbursements:				
Administrative Expenses	B-3	3,091		
Encumbrances	B-5	341		
Developers Escrow Payments	B-7			23,783
State Unemployment Insurance Payments	B-8			5,916
Municipal Open Space Trust Payments	B-9			187
Other Trust Payments	B-10			51,868
Total Disbursements		3,432		81,754
Balance December 31, 2013	B	\$ 7,964	\$	633,046

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 3,329
Increased by:		
License Fees Collected	B-2	7,625
		10,954
Decreased by:		
Administrative Expenses - Encumbured	B-5	145
Administrative Expenses	B-2	3,091
		3,236
Balance December 31, 2013	B	\$ 7,718

DETAIL:

Reserve for Dog Fund Fees		\$ 7,351
Reserve for Cat Fund Fees		367
		\$ 7,718

DOG LICENSE FEES COLLECTED

CY 2012		\$ 6,872
CY 2011		2,808
		\$ 9,680

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-4

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 8
Increased by:		
Interest Credits Due Current Fund	B-2	<u>14</u> 22
Balance December 31, 2013	B	<u>\$ 22</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

B-5

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 420
Increased by:		
Purchase Orders	B-3	145
		<u>565</u>
Decreased by:		
Purchase Orders Paid	B-2	<u>341</u>
Balance December 31, 2013	B	<u>\$ 224</u>

TRUST FUND
SCHEDULE OF PREPAID ANIMAL CONTROL FEES

B-6

REF.

Increased by:
Receipts

B-2

 -

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER FUNDS
OTHER TRUST FUND

B-7

	<u>REF.</u>		
Balance December 31, 2012	B		\$ (10,983)
Decreased by:			
Open Space Tax Levy (Incls Added Omitted Taxes)	B-9	\$ 13,272	
Tax Sale Premiums Received in Current Fund	B-10	<u>627,200</u>	<u>640,472</u>
Balance December 31, 2013	B		<u>\$ (651,455)</u>
 <u>Detail Due Current Fund:</u>			
Developer's Escrow Deposits			\$ 32
Tax Sale Premiums			(627,200)
Municipal Open Space Trust			<u>(24,287)</u>
			<u>\$ (651,455)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 54,506
Increased by:		
Escrow Deposits	B-2	<u>31,801</u>
		86,307
Decreased by:		
Escrow Refunds	B-2	<u>23,783</u>
Balance December 31, 2013	B	<u>\$ 62,524</u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-9

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 8,985
Increased by:		
Receipts	B-2	<u> 13</u> 8,998
Decreased by:		
Claims	B-2	<u> 5,916</u>
Balance December 31, 2013	B	<u>\$ 3,082</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TRUST DEPOSITS
TRUST DEPOSITS

B-10

	<u>REF.</u>					
Balance December 31, 2012	B	\$ 29,153				
Increased by:						
2013 Levy and Added Omitted Taxes	B-6	\$ 13,272				
Interest	B-2	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">36</td> <td style="text-align: right; border-bottom: 1px solid black;">13,308</td> </tr> <tr> <td></td> <td style="text-align: right;">42,461</td> </tr> </table>	36	13,308		42,461
36	13,308					
	42,461					
Decreased by:						
Open Space Expenses	B-2	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">187</td> </tr> </table>	187			
187						
Balance December 31, 2013	B	<u>\$ 42,274</u>				

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 265,031
Increased by:		
Tax Sale Premiums Received in Current Fund	B-6	\$ 627,200
Escrow Deposits	B-2	<u>17,157</u>
		<u>644,357</u>
		909,388
Decreased by:		
Escrow Refunds	B-2	<u>51,868</u>
Balance December 31, 2013	B	<u>\$ 857,520</u>

DETAIL:

Municipal Court - Public Defender	\$ 1,987
Municipal Court - POAA	1,378
Road Opening Deposits	633
Performance Bonds	8,935
Reserve for Library	1,226
Reserve for Recreation	15,733
Reserve for Recycling	16,398
Reserve for Inspection Fees Meadow	300
Reserve for Inspection Fees	100
Reserve for Diamond Jubilee	53
Reserve for Rec. Donations	1,025
Reserve for Sidewalk Fund	18,487
Reserve for Beach Donations	398
Reserve for Food Pantry	6,846
Reserve for Holiday Baskets	500
Reserve for Maintenance Bond	320
Reserve for Monument Bond	3,200
Reserve for Tax Sale Premiums	760,183
Reserve for Construction Fees	7,948
Reserve for Beach Snack Bar	2,063
Reserve for Accrued Sick Leave	9,000
Reserve for Other	(608)
Encumbrances	<u>1,415</u>
	<u>\$ 857,520</u>

TRUST FUND
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

B-12

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 319,006
Increased by:		
Escrow Deposits	B-2	<u> 95</u> 319,101
Balance December 31, 2013	B	<u>\$ 319,101</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2012	C	\$	186,886
Increased by Receipts:			
Morris County Dedicated Trust	C-4	\$ 12,280	
Interest Credits	C-3	31	12,311
			199,197
Decreased by Disbursements:			
Payment to Current Fund for Interest Credits	C-3	31	
Liquidation of Prior Year Encumbrances	C-7	7,592	
Improvements Authorizations Paid	C-11	140,134	147,757
Balance December 31, 2013	C	\$	51,440

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>		
Balance December 31, 2012	C	\$	(50,011)
Increased by:			
Interest Credits	C-2	\$	31
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-1		<u>6,672</u>
			<u>6,703</u>
			(43,308)
Decreased by:			
Payment of Interest Credits to Current Fund	C-2		31
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8		<u>6,000</u>
			<u>6,031</u>
Balance December 31, 2013	C	\$	<u>(49,339)</u>

GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

C-4

REF.

Balance December 31, 2012	C	\$ 380,441
Decreased by:		
Morris County CDBG	C-2	<u>12,280</u>
Balance December 31, 2013	C	<u>\$ 368,161</u>
Safe Routes to School Grant		\$ 50,441
Community Development Block Grant		67,720
NJ Department of Transportation-Randolf Ave Sidewalks		170,000
Community Development Block Grant-Dolores Place Sidewalks		<u>80,000</u>
		<u>\$ 368,161</u>

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

	<u>REF.</u>	C-5
Balance December 31, 2012	C	\$ 187,314
Decreased by:		
2013 Budget Appropriations - Loans Payable	C-9	<u>60,190</u>
Balance December 31, 2013	C	<u>\$ 127,124</u>

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

C-6

ANALYSIS OF BALANCE

<u>ORDINANCE NUMBER</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/12</u>	<u>PAID BY BUDGET APPROPRIATION</u>	<u>BALANCE 12/31/13</u>	<u>BOND ANTI-ANTICIPATION NOTES</u>	<u>BONDS/NOTES AUTHORIZED NOT ISSUED</u>
7-2003	9/4/03	Various Capital Improvements	\$ 55,050	\$ 18,350	\$ 36,700	\$ 36,700	-
8-2003	10/16/03	Improvements to Randall Avenue	25,875	8,625	17,250	17,250	-
10-2004	12/16/04	Various Capital Improvements	10,950	3,650	7,300	7,300	-
8-2005	10/20/05	Various Capital Improvements	239,000	95,800	143,200	143,200	-
15-2006	6/22/06	Various Capital Improvements	218,750	31,250	187,500	187,500	-
10-2007	7/12/07	Various Capital Improvements	438,429	30,373	408,056	408,056	-
16-2008	7/17/08	School Traffic Speed Limit Signs	6,650	950	5,700	5,700	-
17-2008	7/17/08	Iron Mountain Road	555,646	82,567	473,079	473,079	-
6-2009	6/17/09	Improvements to Beach Facilities	96,900	9,690	87,210	87,210	-
13-2009	8/20/09	Improvements to Various Roads	237,500	23,750	213,750	213,750	-
1-2010	4/1/10	Various Capital Improvements	319,250	31,925	287,325	287,325	-
8-2011	8/18/11	Twsp Driveway, Blueberry and Irondale Road Impr, Fire Dept. Equip., DPW Equipment, School Sidewalks, Speed Tables	188,100		188,100	180,000	\$ 8,100
16-2012	6/21/12	Firehouse Roof, Civic Center Generator, Rec Parking Lot, Sidwalk Repairs for Delores Place, Randolph Ave., and Township Sidewalks	618,339		618,339		618,339
			<u>\$ 3,010,439</u>	<u>\$ 336,930</u>	<u>\$ 2,673,509</u>	<u>\$ 2,047,070</u>	<u>\$626,439</u>

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-7

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 7,592
Increased by:		
Improvement Authorization Purchase Orders Issued	C-11	<u>20,017</u>
		27,609
Decreased by:		
Liquidation of Prior Year Purchase Orders	C-2	<u>7,592</u>
Balance December 31, 2013	C	<u>\$ 20,017</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 7,015
Increased by:		
2013 Budget Appropriations	C-3	<u>6,000</u>
		13,015
Balance December 31, 2013	C	<u>\$ 13,015</u>

GENERAL CAPITAL FUND
SCHEDULE OF LEASE PURCHASE AGREEMENTS

C-9

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
Morris County Improvement Authority - Capital Lease	8/1/05	552,750	3.69%	\$ 187,313	\$ 60,190	\$ 127,123
				\$ 187,313	\$ 60,190	\$ 127,123
REF.				C	C-5	C

Maturity Schedule:

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Lease Obligation Balance</u>
				\$ 187,313
8	08/01/13	\$ 60,190	\$ 6,912	127,123
9	08/01/14	62,410	4,691	64,713
10	08/01/15	64,713	2,388	-

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

ORDINANCE NO.	ORDINANCE DATE	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	AMOUNT ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/12	DECREASED	BALANCE 12/31/13
7-2003	9/4/03	Various Capital Improvements	7/7/2005	\$ 133,000	5/10/13	5/09/14	0.69%	\$ 55,050	\$ 18,350	\$ 36,700
8-2003	10/16/03	Improvements to Randall Avenue	7/7/2005	57,000	5/10/13	5/09/14	0.69%	25,875	8,625	17,250
8-2005	10/20/05	Various Capital Improvements	7/7/2006	380,250	5/10/13	5/09/14	0.69%	225,750	75,250	150,500
15-2006	6/22/06	Various Capital Improvements	5/14/2009	250,000	5/10/13	5/09/14	0.69%	218,750	31,250	187,500
10-2007	7/12/07	Various Capital Improvements	5/15/2008	540,000	5/10/13	5/09/14	0.69%	466,350	58,294	408,056
16-2008	7/17/08	School Traffic Speed Limit Signs	5/14/2009	7,600	5/10/13	5/09/14	0.69%	6,650	950	5,700
17-2008	7/17/08	Iron Mountain Road	5/14/2009	630,000	5/10/13	5/09/14	0.69%	551,925	78,846	473,079
6-2009	6/17/09	Improvements to Beach Facilities	5/13/2010	96,900	5/10/13	5/09/14	0.69%	96,900	9,690	87,210
13-2009	8/20/09	Improvements to Various Roads	5/13/2010	237,500	5/10/13	5/09/14	0.69%	237,500	23,750	213,750
1-2010	4/1/10	Various Capital Improvements	5/13/2010	319,250	5/10/13	5/09/14	0.69%	319,250	31,925	287,325
8-2011	8/18/11	Twsp Driveway, Blueberry and Irondale Road Impr, Fire Dept. Equip., DPW Equipment, School Sidewalks, Speed Tables	5/10/2012	180,000	5/10/13	5/09/14	0.69%	180,000		180,000
								\$ 2,384,000	\$ 336,930	\$ 2,047,070
REF.								C	C-6	C

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

IMPROVEMENT DESCRIPTION	NO.	ORDINANCE		BALANCE 12/31/12		PAID OR CHARGED	BALANCE 12/31/13	
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED
Improvements to Randall Avenue	8-2003	10/16/03	\$ 210,000		\$ 2,640	\$ 123		\$ 2,517
Various Capital Improvements	10-2004	10/16/04	658,000		1,806			1,806
Various Capital Improvements	8-2005	10/20/05	844,662		45,190	10,387		34,803
Various Capital Improvements	15-2006	6/22/06	590,000		65,246	13,485		51,761
Acquisition of Canfield Open Space	1-2007	2/1/07	12,480,000		109,700	1,674		108,026
Road Reconstruction and Overlay	10-2007	7/12/07	780,000		2,957	122		2,835
Canfield Flashers	16-2008	7/17/08	20,000		4,175	123		4,052
Iron Mountain Road Reconstruction	17-2008	7/17/08	805,000		80			80
Iron Mountain Road Reconstruction - Phase III	16-2010	11/10/10	60,000	\$ 4,494		173	\$ 4,321	
Improvements to Beach Facilities	6-2009	6/17/09	182,000		3,141	122		3,019
Repaving Roads and Speed Tables	13-2009	8/20/09	250,000		9,652	185		9,467
Various Capital Improvements	1-2010	4/01/10	767,000		1,807	123		1,684
Sidewalk and Curb Repair	6-2010	6/17/10	48,475	3,628			3,628	
Twsp Driveway, Blueberry and Irondale Road Impr, Fire Dept. Equip., DPW Equipment, School Sidewalks, Speed Tables	8-2011	8/18/11	198,000		104,133	91,478		12,655
Firehouse Roof, Civic Center Generator, Rec Parking Lot, Sidewalk Repairs for Delores Place, Randolph Ave., and Township Sidewalks	16-2012	6/21/12	916,000	297,661	618,339	42,156	255,505	618,339
				\$ 305,783	\$ 968,866	\$ 160,151	\$ 263,454	\$ 851,044
REF.				C	C		C	C

C-2 \$ 140,134
C-7 20,017
\$ 160,151

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-12

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/12</u>
Green Acres	\$ 50,000	\$ 50,000
Sidewalk Improvements	730	730
Park Development	1,563	1,563
Reserve for Fire Department Roof	5	5
	\$ 52,298	\$ 52,298
REF.	C	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE TO OUTSIDE AGENCIES

C-13

	<u>REF.</u>	
Balance December 31, 2012	C	\$ <u>6,397</u>
Balance December 31, 2013	C	\$ <u>6,397</u>
Due to Seller for Acquisition of Property		\$ 5,245
Due to Ferromonte Historical Society		<u>1,152</u>
		<u>\$ 6,397</u>

WATER UTILITY FUND

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2012	D	\$ 254,611		\$ 85,951
Increased by Receipts:				
Water Rents	D-5	\$ 536,569		
Water Rent Overpayments	D	3,021		
Miscellaneous	D-2	<u>8,505</u>	<u>548,095</u>	<u>-</u>
			802,706	<u>85,951</u>
Decreased by Disbursements:				
2012 Appropriation Reserve	D-7	16,635		
Interfunds Advanced-Current Fund	A	146,575		
Interfunds Advanced-Sewer Operating Fund	E	40,000		
Interfunds Advanced-Garbage District	F	110,000		
2013 Appropriations	D-3:10	<u>363,572</u>	<u>676,782</u>	<u>\$ 66,934</u>
Balance December 31, 2013	D		<u>\$ 125,924</u>	<u>\$ 19,017</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

REF.

Increased by Receipts:

Consumer Accounts Receivable Collections

D-6

\$ 536,569
536,569

Decreased by Disbursements:

Payment to Treasurer

D-4

\$ 536,569

WATER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

D-6

	<u>REF.</u>	
Balance December 31, 2012	D	\$ 89,705
Increased by:		
Water Rents Levied		<u>534,938</u>
		624,643
Decreased by:		
Collection	D-5	<u>536,569</u>
Balance December 31, 2013	D	<u>\$ 88,074</u>
Consumer Accounts Receivable		\$ 49,017
Water Liens		<u>39,057</u>
		<u>\$ 88,074</u>

WATER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

D-7

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 4,896	\$ 4,896		\$ 4,896
Other Expenses	107,185	107,185	\$ 16,635	90,550
Statutory Expenses	3,571	3,571		3,571
 TOTALS	 <u>\$ 115,652</u>	 <u>\$ 115,652</u>	 <u>\$ 16,635</u>	 <u>\$ 99,017</u>

REF.

D

D-4

D-1

Appropriation Reserves	\$ 94,224
Encumbrances	<u>21,428</u>
	<u>\$ 115,652</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2013

D-8

Balance December 31, 2012	D	<u>\$ 2,209,439</u>
Balance December 31, 2013	D	<u>\$ 2,209,439</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-9

<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/12</u>	<u>BALANCE 12/31/13</u>
7/1/99	Hurd Street Water Mains Sec IV and Indian Falls Road	\$ 157,980	\$ 157,980
10/03/02	Water System Infrastructure Improvements	135,000	135,000
7/10/03	Water Main Extension on Hurn Street	210,000	210,000
12/16/04	Water Main Replacement	47,269	47,269
12/20/11	Water System Improvement	50,000	50,000
5/17/12	Water Meters	\$ 455,000	455,000
		<u>\$ 1,055,249</u>	<u>\$ 1,055,249</u>
	REF.	D	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE	ORIGINAL AMOUNT	12/31/12 BALANCE		PAID OR CHARGED	12/31/13 BALANCE	
				UNFUNDED	FUNDED		UNFUNDED	FUNDED
5-02	Water System Infrastructure Improvements	10/03/02	165,000		\$ 939		\$	939
2-03	Water Main Extension on Hurn Street	7/10/03	210,000		1,427			1,427
13-11	Water System Improvement	12/20/11	50,000		1,813	\$ 229		1,584
13-12	Water Meters	5/17/12	455,000	\$ 70,461		60,561	\$ 9,900	
				\$ 70,461	\$ 4,179	60,790	\$ 9,900	\$ 3,950

REF.

D

D

D

D

	Cash	D-4	\$ 66,934
	Prior Year Encumbrances Paid	D	(6,144)
	Current Year Paid or Charged		<u>\$ 60,790</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER CAPITAL IMPROVEMENT FUND

D-11

	<u>REF.</u>	
Balance December 31, 2012	D	\$ 3,110
Increased by:		
2013 Budget Appropriation	D-3	<u>26,000</u> 29,110
Balance December 31, 2013	D	<u>\$ 29,110</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	<u>REF.</u>	
Balance December 31, 2012	D	\$ 2,644,435
Increased by:		
Serial Bonds Paid by Water Operating Budget	D-3:14	<u>43,200</u>
		2,687,635
Balance December 31, 2013	D	<u>\$ 2,687,635</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-13

ORDINANCE <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/13</u>
	Hurd Street Water Mains Sec IV and Indian Falls Road	7/1/99	\$ 3,730	\$ 3,730
5-02	Water System Infrastructure Improvements	10/03/02	63,250	63,250
2-03	Water Main Extension on Hurn Street	7/10/03	10,500	10,500
1-04	Water Main Replacement	12/16/04	37,769	37,769
13-11	Water System Improvement	12/20/11	50,000	50,000
13-12	Water Meters	5/17/12	23,000	23,000
			<u>\$ 188,249</u>	<u>\$ 188,249</u>
	REF.		D	D

WATER CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

D-14

<u>ORDINANCE NO.</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>AMOUNT ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
13-2013	5/17/12	Water Meters	9/5/2013	\$ 432,000	5/10/13	5/09/14	0.69%	\$ 432,000	\$ 43,200	\$ 388,800
								\$ 432,000	\$ 43,200	\$ 388,800
		REF.						D	D-12	D

SEWER UTILITY FUND

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

E-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2012	D	\$ 173,072		\$ 117,219
Increased by Receipts:				
Sewer Rents	E-5	\$ 423,824		
Interfunds Returned	E	40,000		
Miscellaneous	E-2	<u>13,796</u>	<u>477,620</u>	<u>-</u>
		650,692		117,219
Decreased by Disbursements:				
2012 Appropriation Reserve	E-7	565		
Interfunds Advanced	E	11,943		-
2013 Appropriations	E-3:10	<u>342,580</u>	<u>355,088</u>	<u>-</u>
Balance December 31, 2013	D	<u>\$ 295,604</u>		<u>117,219</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

E-5

	<u>REF.</u>	
Increased by Receipts:		
Prepaid Rents	E	\$ 1,666
Consumer Accounts Receivable Collections	E-6	<u>422,158</u>
		423,824
Decreased by Disbursements:		
Payment to Treasurer	E-4	<u>\$ 423,824</u>

SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

E-6

	<u>REF.</u>	
Balance December 31, 2012	E	\$ 50,372
Increased by:		
Sewer Rents Levied		<u>424,492</u>
		474,864
Decreased by:		
Prior Year Prepaid Rents	E	\$ 930
Collection	E-4	<u>422,158</u>
		<u>423,088</u>
Balance December 31, 2013	E	<u>\$ 51,776</u>
Consumer Accounts Receivable		\$ 42,300
Water Liens		<u>9,476</u>
		<u>\$ 51,776</u>

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

E-7

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 20	\$ 20		\$ 20
Other Expenses	565	565	\$ 565	-
Statutory Expenses	953	953		953
 TOTALS	 <u>\$ 1,538</u>	 <u>\$ 1,538</u>	 <u>\$ 565</u>	 <u>\$ 973</u>

REF.

E

E-4

E-1

Appropriation Reserves	\$ 973
Encumbrances	<u>565</u>
	<u>\$ 1,538</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2013

E-8

Balance December 31, 2012	D	<u>\$ 2,089,805</u>
Balance December 31, 2013	D	<u>\$ 2,089,805</u>

SEWER UTILITTY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

E-9

<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/12</u>	<u>BALANCE 12/31/13</u>
12/20/00	Refunding Bond Ordinance	\$ 300,000	\$ 300,000
07/19/01	Installation of Sanitary Sewer System	150,000	150,000
10/20/05	Installation of Sanitary Sewer Lines	500,000	500,000
		<u>\$ 950,000</u>	<u>\$ 950,000</u>
	REF.	E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

E-10

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE 12/31/12</u>		<u>BALANCE 12/31/13</u>	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED
Refunding Bond Ordinance	12/20/00	\$ 300,000	\$ 8,393		\$ 8,393	
Installation of Sanitary Sewer System	07/19/01	150,000	6,047		6,047	
Installation of Sanitary Sewer Lines	10/20/05	500,000		\$ 211,068		\$ 211,068
			\$ 14,440	\$ 211,068	\$ 14,440	\$ 211,068
REF.			E	E	E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER CAPITAL IMPROVEMENT FUND

E-11

	<u>REF.</u>	
Balance December 31, 2012	E	<u>\$ 12,018</u>
Balance December 31, 2013	E	<u>\$ 12,018</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

E-12

	<u>REF.</u>		
Balance December 31, 2012	E		\$ 1,273,305
Increased by:			
Bond Anticipation Notes Payment	E-14	\$ 42,000	
Serial Bonds Paid by Sewer Operating Budget	E-15	40,000	
NJ Envir. Infra. Trust Loans Paid by Sewer Operating Budget	E-16	<u>65,000</u>	<u>147,000</u>
			1,420,305
Balance December 31, 2013	E		<u>\$ 1,420,305</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

E-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/13</u>
Installation of Sanitary Sewer System	07/19/01	\$ 7,500	\$ 7,500
Installation of Sanitary Sewer Lines	10/20/05	80,000	80,000
		<u>\$ 87,500</u>	<u>\$ 87,500</u>
REF.		E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

E-14

<u>ORDINANCE NO.</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>AMOUNT ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
9-05	10/20/05	Installation of Sanitary Sewer Lines	5/15/2008	\$ 420,000	5/10/13	5/09/14	0.69%	\$ 378,000	\$ 42,000	\$ 336,000
								\$ 378,000	\$ 42,000	\$ 336,000
REF.								E	E-12	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

E-15

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
Sewer Utility Bonds	10/1/03	\$ 921,000	9/15/14	\$ 25,000	3.800%	\$ 771,000	\$ 25,000	\$ 746,000
			9/15/15	25,000	3.900%			
			9/15/16	25,000	4.000%			
			9/15/17	25,000	4.000%			
			9/15/18	35,000	4.125%			
			9/15/19	115,000	4.125%			
			9/15/20	115,000	4.200%			
			9/15/21	125,000	4.250%			
			9/15/22	125,000	4.300%			
			9/15/23	131,000	4.400%			
Sewer Utility Refunding Bonds	10/1/03	\$ 300,000	9/15/14	\$ 15,000	3.800%	165,000	15,000	150,000
			9/15/15	15,000	3.900%			
			9/15/16	15,000	4.000%			
			9/15/17	15,000	4.000%			
			9/15/18	15,000	4.125%			
			9/15/19	15,000	4.125%			
			9/15/20	15,000	4.200%			
			9/15/21	15,000	4.250%			
			9/15/22	15,000	4.300%			
			9/15/23	15,000	4.400%			
\$ 936,000						\$ 40,000	\$ 896,000	

E

E-12

E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PROGRAMS

E-16

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
New Jersey Wastewater Treatment Trust Loan Program Department of Environmental Protection	1997	2014-2017	\$65,000 to \$80,000	5.0%	\$ 365,000	\$ 65,000	\$ 300,000
					<u>\$ 365,000</u>	<u>\$ 65,000</u>	<u>\$ 300,000</u>
REF.					E	E-12	C

SPECIAL DISTRICT (GARBAGE) FUND

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - TREASURER

F-4

	<u>REF.</u>		
Balance December 31, 2012	D		\$ 57,658
Increased by Receipts:			
Collections of District Taxes	F-5	\$ 382,871	
Interfund Advanced - Current Fund	F-1	525	
Interfund Advanced - Water Operating	D	110,000	
Miscellaneous	F-2	<u>59</u>	493,455
			<u>551,113</u>
Decreased by Disbursements:			
2012 Appropriation Reserve	F-7	22,750	
2013 Appropriations	F-3	<u>342,531</u>	<u>365,281</u>
Balance December 31, 2013	D		<u>\$ 185,832</u>

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - COLLECTOR

F-5

REF.

Increased by Receipts:

Consumer Accounts Receivable Collections

F-6

\$ 382,871

382,871

Decreased by Disbursements:

Payment to Treasurer

F-4

\$ 382,871

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF DISTRICT TAX ACCOUNTS RECEIVABLE AND LEINS

F-6

REF.

Increased by:

District Tax Levied	\$ 377,000	
Additional Tax	<u>5,871</u>	<u>\$ 382,871</u>
		382,871

Decreased by:

Collection	F-5	<u>\$ 382,871</u>
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SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

F-7

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Contractual Services	\$ 22,750	\$ 22,750	\$ 22,750	
Other Expenses	17,588	17,588		\$ 17,588
Salaries and Wages	2,029	2,029		2,029
Statutory Expenditures	924	924		924
TOTALS	<u>\$ 43,291</u>	<u>\$ 43,291</u>	<u>22,750</u>	<u>\$ 20,541</u>

REF.	F	F	F-4	F-1
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Appropriation Reserve	\$ 20,541
Encumbrances	<u>22,750</u>
	<u>\$ 43,291</u>

SCHEDULE OF GENERAL FIXED ASSETS

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

G-1

	<u>BALANCE</u> <u>12/31/12</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/13</u>
General Fixed Assets:				
Land and Buildings	\$ 14,780,500			\$ 14,780,500
Buildings and Improvements	636,021	\$ 42,156		678,177
Machinery and Equipment	1,898,996	91,478		1,990,474
Total General Fixed Assets	<u>\$ 17,315,517</u>	<u>133,634</u>	<u>-</u>	<u>\$ 17,449,151</u>
 Investment In General Fixed Assets	 <u>\$ 17,315,517</u>	 <u>133,634</u>	 <u>-</u>	 <u>\$ 17,449,151</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

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

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Mine Hill, County of Morris, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

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

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

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

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

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

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

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

"On all delinquents to and including December 31, 2012, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2013, at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

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

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013, include real property taxes from the 2013 tax levy.

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

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

<u>Year</u>	<u>Number of Liens</u>
2013	22
2012	22
2011	22

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of December 31, 2013. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

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

Type of Receivable - Real Property Tax				
Date of Circulars - November 21, 2013-Real Estate				
Verification Type	Request Form	Total No. of Items	Total No. of Circular	Total No. Returned
2013 Property Tax	Positive	1,507	60	26
2014 Property Tax	Positive	1,507	60	26
2013 Delinquent Tax	Negative	167	25	5

N.J.A.C. 5:30-5 (Technical Accounting Directives)

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

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

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

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Fund Balance Utilized	\$ 270,000	2.12%	\$ 270,000	2.25%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,094,491	8.59%	939,964	7.84%
Collection of Delinquent Taxes and				
Tax Title Liens	325,711	2.56%	184,752	1.54%
Collection of Current Tax Levy	<u>11,056,721</u>	<u>86.74%</u>	<u>10,593,176</u>	<u>88.37%</u>
Total Income	<u>12,746,923</u>	<u>100.00%</u>	<u>11,987,892</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	4,214,345	34.44%	4,009,759	34.14%
County Taxes	1,141,419	9.33%	1,137,638	9.69%
Local and Regional Taxes	6,820,927	55.75%	6,554,367	55.81%
Municipal Open Space Tax	13,272	0.11%	11,013	0.09%
Deferred Charges	25,749	0.21%	3,000	0.03%
Other Expenditures	<u>20,180</u>	<u>0.16%</u>	<u>27,661</u>	<u>0.24%</u>
Total Expenditures	<u>12,235,892</u>	<u>100.00%</u>	<u>11,743,438</u>	<u>100.00%</u>

Excess (Deficit) Revenue Over Expenditures	511,031	244,454
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>21,200</u>	<u>34,052</u>

Statutory Excess To Fund Balance	532,231	278,506
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Fund Balance January 1	491,283	482,777
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Less:

Utilization as Anticipated Revenue	<u>270,000</u>	<u>270,000</u>
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Fund Balance December 31	<u>\$ 753,514</u>	<u>\$ 491,283</u>
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COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
WATER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Operating Surplus	\$ 30,000	4.45%	\$ 68,375	10.52%
Rents	536,569	79.60%	516,328	79.47%
Miscellaneous	8,505	1.26%	50,105	7.71%
Other Credits to Income	<u>99,017</u>	<u>14.69%</u>	<u>14,876</u>	<u>2.29%</u>
Total Income	674,091	100.00%	649,684	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>567,434</u>	100.00%	<u>599,550</u>	100.00%
Excess in Revenue	106,657		50,134	
Statutory Excess To Fund Balance	106,657		50,134	
Fund Balance January 1	137,596		155,837	
Less:				
Utilization as Anticipated Revenue	<u>30,000</u>		<u>68,375</u>	
Fund Balance December 31	<u>\$ 214,253</u>		<u>\$ 137,596</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Operating Surplus	\$ -	0.00%	\$ 10,000	2.20%
Rents	423,090	96.63%	335,725	73.83%
Miscellaneous	13,796	3.15%	105,848	23.28%
Other Credits to Income	<u>973</u>	<u>0.22%</u>	<u>3,132</u>	<u>0.69%</u>
Total Income	437,859	100.00%	454,705	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>352,435</u>	100.00%	<u>443,954</u>	100.00%
Excess in Revenue	85,424		10,751	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>10,500</u>		<u>8,348</u>	
Statutory Excess To Fund Balance	95,924		19,099	
Fund Balance January 1	19,746		10,647	
Less:				
Utilization as Anticipated Revenue	<u>-</u>		<u>10,000</u>	
Fund Balance December 31	<u>\$ 115,670</u>		<u>\$ 19,746</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SPECIAL GARBAGE DISTRICT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Operating Surplus	\$ -	0.00%	\$ 50,000	11.58%
District Tax	382,871	94.77%	377,000	87.28%
Miscellaneous	59	0.01%	70	0.02%
Other Credits to Income	<u>21,066</u>	<u>5.21%</u>	<u>4,850</u>	<u>1.12%</u>
Total Income	403,996	100.00%	431,920	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>377,000</u>	100.00%	<u>427,000</u>	100.00%
Excess in Revenue	26,996		4,920	
Fund Balance January 1	14,367		59,447	
Less:				
Utilization as Anticipated Revenue	<u>-</u>		<u>50,000</u>	
Fund Balance December 31	<u>\$ 41,363</u>		<u>\$ 14,367</u>	

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.549</u>	<u>\$2.478</u>	<u>\$2.407</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.742	\$0.721	\$0.689
Municipal Open Space Tax	\$0.003	\$0.003	\$0.003
County	\$0.257	\$0.258	\$0.264
Local School	\$1.461	\$1.410	\$1.365
Special District Garbage Tax	\$0.086	\$0.086	\$0.086

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2013	\$440,688,500
2012	\$438,266,000
2011	\$438,868,100

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$11,347,555	\$11,056,721	97.43%
2012	\$10,927,696	\$10,593,177	96.93%
2011	\$10,579,363	\$10,379,494	98.11%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$376,176	\$252,946	\$629,122	5.54%
2012	\$343,766	\$314,801	\$658,567	6.03%
2011	\$326,205	\$182,965	\$509,170	4.81%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2013 by foreclosure or deed as a result of liquidation of tax title liens.

Comparative Schedule of Fund Balances

<u>Current Fund</u>		Utilized	
<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>In Budget of Succeeding Year</u>	
		<u>Regular</u>	
2013	\$ 753,514	\$	465,000
2012	\$ 491,283	\$	270,000
2011	\$ 482,777	\$	270,000
2010	\$ 432,944	\$	270,000

Water Utility Fund

2013	\$ 214,253	\$	50,600
2012	\$ 137,596	\$	30,000
2011	\$ 155,837	\$	68,375
2010	\$ 164,237	\$	8,400

Sewer Utility Fund

2013	\$ 115,670		None
2012	\$ 19,746		None
2011	\$ 10,647	\$	10,000
2010	\$ 34,111	\$	35,978

Special Garbage District Fund

2013	\$ 41,363	\$	20,000
2012	\$ 14,367		None
2011	\$ 59,447	\$	50,000
2010	\$ 60,922	\$	13,000

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of</u> <u>Bond</u>	<u>Name</u> <u>Of Corporate Surety</u>
Sam Morris	Mayor		
Fred Willis	Council President		
Conrad Pepperman	Council Member		
Bret Coranato	Council Member		
David Bloom	Council Member		
Kristine Kanzenbach	Council Member		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Amanda G. Macchia	Township Clerk; Assessment Search Officer; Registrar of Vital Statistics		
Judith O'Brian	Tax Collector; Utility Collector; Tax Search Officer; Deputy Registrar	\$1,000,000	Blanket Coverage; NJ Intergovernmental Insurance Fund
Katelyn Wild	Acting Certified Municipal Finance Officer/Treasurer	\$1,000,000	Blanket Coverage; NJ Intergovernmental Insurance Fund
Joseph Ferraris	Assessor		
Anthony Bucco	Attorney		

The minimum bond coverage required for the Tax Collector and the Municipal Court personnel based on their respective prior years' tax levies and Court income, would be as follows:

<u>Collector</u>	
<u>Year</u>	<u>Amount</u>
2013	\$106,819

There are public employees' blanket bonds providing coverage to municipal officials and employees not specifically bonded. The municipal officials and employees are covered by a "faithful performance blanket position bond" in the amount of \$1,000,000. provided throught the NJIIF by Fidelity and Deposit Insurance Company.

All the bonds were examined and were properly executed.



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Anthony F. Ardito, PA, RMA, PSA

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

Independent Auditor's Report

The Honorable Mayor and
Members of the Township Council
Township of Mine Hill
County of Morris, New Jersey
10 Baker Street
Mine Hill, New Jersey 07830

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Mine Hill in the County of Morris, State of New Jersey, as of and for the fiscal year ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township of Mine Hill's basic financial statements, and have issued our report thereon dated April 30, 2014, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The general fixed asset account group and utility fixed assets were not included in the scope of our audits.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** which are described in the accompanying schedule of findings and responses as items 2013-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 30, 2014

SCHEDULE OF FEDERAL/STATE AWARDS

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

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13	TOTAL DISBURSEMENTS
US Department of Transportation:										
NJ Transportation Trust Fund Act	20.205	\$ 150,000	2009	A	\$ (37,500)	\$ 37,500			-	\$ 70,871
NJ Transportation Trust Fund Act-Safe Route to	20.205	\$ 195,500	2013	A				\$ 16,255	\$ (16,255)	16,255
US Department of Homeland Security										
Disaster Grants - Public Assist (Presidentially Declared)-Hurr. Sandy	97.036	29,505	2013	A		29,505		29,505		29,505
					\$ (37,500)	\$ 67,005	-	\$ 45,760	\$ (16,255)	\$ 116,631

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.

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

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

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-Clean Communities Program	4900-765-178911	\$ 7,288	2013	A		\$ 7,288		\$ 1,822	\$ 5,466
			2012	A	\$ 6,208			6,208	-
			2011	A	5,226			5,226	-
			2010	A	6,695			6,695	-
			2009	A	4,500			4,500	-
Recycling Tonnage Grant	752-042-4900-004-178840	\$ 4,907	2013	A		4,907			4,907
			2011	A	2,661				2,661
<u>OTHER STATE AIDS</u>									
County Trust Grant-Bridget Snith House Recreation Trails Grant	N/A	N/A	N/A	A	1,500			13,350	(11,850)
		\$ 24,365	2013					1,549	(1,549)
TOTAL STATE ASSISTANCE					\$ 26,790	\$ 12,195	-	\$ 39,350	\$ (365)

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.

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

TOWNSHIP OF MINE HILL

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY Occurrence

2012-1 Adequate segregation of duties should be maintained with respect to the recording and treasury functions

Finding is Corrected in 2013

2012-2 All means should be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Finding is Repeated in 2013

2012-3 That the township investigate the disposition of aged grant receivables and reserves.

Finding is Corrected in 2013

2012-4 That the township refund or apply the aged tax overpayments to current taxes.

Finding is Corrected in 2013

2012-5 I recommend that the township conduct a physical inventory or appraisal of the fixed assets. Periodic updates should occur to safeguard township assets.

Finding is Repeated in 2013

2012-6 I recommend that the Township pursue collection of the attorney escrow funds and determine ultimate disposition.

Finding is Cleared in 2013

2012-7 I recommend that the Township implement controls to ensure the timely completion of bank reconciliations.

Finding is Cleared in 2013

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2013

Summary of Auditor's Results

basis of accounting as a result of the general fixed assets account group not being included in the scope of the audit.

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

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

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 or New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2013 as grant expenditures were less than the single audit thresholds of \$500,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

2013-1 * Over \$376,000 of tax title liens remain outstanding as of December 31, 2013. Property tax levies on these properties are added to liens in excess of \$21,000 annually, of which the township has to bear the full cost of the related local school and county tax levies.

All statutory means should be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

2013-2 * Fixed Asset ledgers have not been maintained on a perpetual basis.

I recommend that the township conduct a physical inventory or appraisal of the fixed assets. Periodic updates should occur to safeguard township assets.

(*) Prior Year Finding