

**TOWNSHIP OF HOPE
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2016**

TOWNSHIP OF HOPE

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2016

AUDITORS' REPORTS



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

Report on the Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Hope, County of Warren, State of New Jersey (the "Township"), as of December 31, 2016 and 2015, and the related comparative statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds, and the related notes to the financial statements for the year ended December 31, 2016, which collectively comprise the Township's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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. We conducted our audit in accordance with auditing standards generally accepted 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.

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 Township's preparation and fair presentation of

-Continued-

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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis 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 accounting principles generally accepted in the United States of America. 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or the results of its operations and changes in its fund balances for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, 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, as of December 31, 2016 and 2015, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

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-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

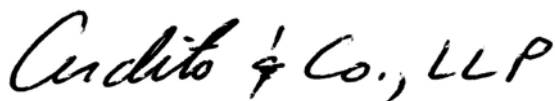
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In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements-regulatory basis taken as a whole, on the basis of accounting described in Note 1 to the financial statements.


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey
March 31, 2017



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
March 31, 2017

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>12/31/15</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ <u>961,279</u>	\$ <u>926,709</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	78,954	62,664
Tax Title Liens Receivable	A-7	191,182	276,788
Property Acquired For Taxes-Assessed Valuation	A-8	858,700	441,700
Revenue Accounts Receivable	A-9	6,363	1,978
Due Other Governmental Units - Joint Court	A-10	7,103	20,233
Amount Due From State and Federal Grants Fund	A	13,760	26,049
Amount Due From Payroll Agency Fund	G	-	-
Amount Due From General Capital Fund	C	92	83
Amount Due From Other Trust Fund	B	25,795	28,246
Amount Due From Dog License Fund	B	<u>6</u>	<u>4</u>
Subtotal		<u>1,181,955</u>	<u>857,745</u>
Deferred Charges:			
Special Emergency and Emergency Authorizations	A-25	<u>-</u>	<u>26,000</u>
Total Current Fund Assets		<u>2,143,234</u>	<u>1,810,454</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-18	97,803	144,210
Amount Due From General Capital Fund	C	<u>28,346</u>	<u>28,346</u>
Subtotal		<u>126,149</u>	<u>172,556</u>
TOTAL ASSETS		<u>\$2,269,383</u>	<u>\$1,983,010</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

		<u>BALANCE</u>		<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/16</u>		<u>12/31/15</u>
LIABILITIES, RESERVES AND FUND BALANCE				
Liabilities:				
Appropriation Reserves	A-3:11	\$ 74,654	\$	47,789
Reserve For Encumbrances-Budget Appropriations	A-12	21,523		151,156
Amount Due To Other Trust Fund	B	18,850		1,000
Taxes Collected In Advance	A-13	75,277		62,986
Tax Overpayments	A-14	11,627		11,279
Amount Due County For Added Taxes	A-15	1,263		732
Amount Due For Local School Taxes	A-16	104,059		101,205
Amount Due To State Of New Jersey For Senior Citizens and Veterans Deductions	A-17	7,208		8,458
Accounts Payable	A-21	1,150		1,200
Amount Due To Other Trust Fund - Municipal Open Space	A-22	113,099		300,624
Fema Reserve	A-23	7,368		7,368
Insurance Proceeds Reserve	A-24	<u>48,878</u>		<u>48,878</u>
Subtotal		484,956		742,675
Reserve For Receivables And Other Assets	A	1,181,955		857,745
Fund Balance	A-1	<u>476,323</u>		<u>210,034</u>
Subtotal		<u>2,143,234</u>		<u>1,810,454</u>
Federal And State Grant Fund:				
Amount Due To Current Fund	A	13,760		26,049
Reserve For Federal/State Grants - Appropriated	A-19	110,798		144,806
Reserve For Federal/State Grants - Unappropriated	A-20	<u>1,591</u>		<u>1,701</u>
Subtotal		<u>126,149</u>		<u>172,556</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$2,269,383</u>		<u>\$1,983,010</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>2016</u>	<u>YEAR</u> <u>2015</u>
Fund Balance Utilized	A-2	\$ 99,487	\$ 141,304
Miscellaneous Revenue Anticipated	A-2	448,714	681,279
Receipts From Delinquent Taxes	A-2	84,261	53,189
Receipts From Current Taxes	A-2	6,309,072	6,311,323
Non-Budget Revenues	A-2	177,208	28,294
Other Credits To Income:			
Interfund Returns	A-4	12,289	
Refund of Prior Year Expenditures	A-20	2,440	
Unexpended Balance of Appropriation Reserves	A-11	<u>43,656</u>	<u>80,757</u>
TOTAL INCOME		<u>7,177,127</u>	<u>7,296,146</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	426,437	413,886
Other Expenses	A-3	531,854	553,839
Capital Improvements	A-3	-	322,000
Municipal Debt Service	A-3	144,389	140,185
Deferred Charges and Statutory Expenditures	A-3	120,592	86,960
County Taxes	A-15	1,730,453	1,772,009
Amount Due County For Added and Omitted Taxes	A-15	1,263	732
Local District School Taxes	A-16	3,805,616	3,804,917
Municipal Open Space Taxes	A-22	50,747	12,784
Interfund Advances/Returns	A-4	<u>-</u>	<u>14,800</u>
TOTAL EXPENDITURES		<u>6,811,351</u>	<u>7,122,112</u>
Excess in Revenue		365,776	174,034
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-25	<u>-</u>	<u>26,000</u>
Statutory Excess To Fund Balance		365,776	200,034
Fund Balance January 1	A	<u>210,034</u>	<u>151,304</u>
		575,810	351,338
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>99,487</u>	<u>141,304</u>
Fund Balance December 31	A	<u>\$ 476,323</u>	<u>\$ 210,034</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

		<u>ANTICIPATED</u>		<u>EXCESS OR</u>	
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>DEFICIT</u>
Anticipated Surplus-Cash Surplus	A-1	\$ 99,487		\$ 99,487	
Miscellaneous Revenues					
LOCAL REVENUES:					
Liquor Licenses-Clerk	A-9	4,100		4,920	\$ 820
Municipal Court Fines and Costs	A-9	115,183		129,877	14,694
Interest and Costs On Taxes	A-6	11,700		31,720	20,020
Interest on Investments and Deposits	A-9	1,400		4,604	3,204
TOTAL LOCAL REVENUES		132,383		171,121	38,738
STATE AID REVENUES:					
Energy Receipts Tax	A-9	184,384		184,384	-
Garden State Trust Fund	A-9	7,426		7,426	-
TOTAL STATE AID REVENUES		191,810		191,810	-
 UNIFORM CONSTRUCTION CODE FEES	 A-9	 22,000		 19,020	 (2,980)

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

		<u>ANTICIPATED</u>		<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>DEFICIT</u>
			<u>REALIZED</u>	
FEDERAL AND STATE GRANT REVENUES:				
Drunk Driving Enforcement Grant	A-18:20	413	413	
Clean Communities Program	A-18:20	8,562	8,562	
Municipal Drug Alliance	A-18:20	3,342	3,342	
Recycling Tonnage Grant	A-18:20	\$ 1,335	1,335	
TOTAL FEDERAL AND STATE GRANT REVENUES		12,317	1,335	13,652
Other Special Items:				
Insurance Proceeds	A-9	26,000	27,111	1,111
Capital Fund Balance	A-9	26,000	26,000	-
Total Other Special Items		52,000	53,111	1,111
TOTAL MISCELLANEOUS REVENUES	A-2	410,510	1,335	448,714
RECEIPTS FROM DELINQUENT TAXES	A-2	25,000	84,261	59,261
Amount To be Raised by Taxes For Support Of Municipal Budget:				
Local Tax For Municipal Purposes	A-2	825,259	859,251	33,992
Total General Revenues		1,360,256	1,335	1,491,713
Non-Budget Revenues:				
Other Non-Budget Revenues	A-1		177,208	177,208
		\$ 1,360,256	\$ 1,335	\$ 1,668,921
				\$ 307,330

A-3

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections		\$ 6,289,822
State of New Jersey, Senior Citizens and Veterans Deductions		<u>19,250</u>
	A-1	6,309,072

Allocated To:

School, County Taxes and Municipal Open Space Taxes		<u>5,588,079</u>
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Excess Supported by Municipal Revenues		720,993
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Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"		<u>138,258</u>
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Amount For Support Of Municipal Budget Appropriations		<u><u>\$ 859,251</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

REF.

Miscellaneous Revenue Not Anticipated:

Treasurer:

Zoning Permits	\$ 845	
Driveway	150	
Grange Rent	11,073	
Property Lists	80	
Vital Statistics	45	
Garage Sale Permit	22	
Cable TV Franchise	2,139	
Hotel Tax	7,362	
Board of Adjustment	1,275	
Licenses	840	
Copies Sales	1,108	
Reimbursement for Farmland Preservation - Open Space	150,000	
Miscellaneous-Collector	<u>2,269</u>	
	A-4	<u>\$ 177,208</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>UNEXPENDED</u>
GENERAL GOVERNMENT FUNCTIONS:	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELLED</u>
General Administration:					
Salaries and Wages	\$ 88,845	\$ 88,845	\$ 88,429	\$ 416	
Other Expenses	24,000	26,600	25,447	1,153	
Mayor and Council:					
Salaries and Wages	8,116	8,116	8,115	1	
Other Expenses	300	770	770		
Municipal Clerk (Elections):					
Salaries and Wages:					
Search Official	3,220	3,220	2,045	1,175	
Other Expenses	590	590	590		
Financial Administration (Treasury):					
Salaries and Wages	17,242	17,242	17,229	13	
Other Expenses	246	246	91	155	
Audit Services:					
Other Expenses	18,850	18,850	18,850		
Computerized Data Processing:					
Other Expenses	7,507	7,507	7,149	358	
Revenue Administration (Tax Collection):					
Salaries and Wages:					
Search Official	3,054	3,054	3,054		
Salaries and Wages - All Other	25,431	25,431	25,431		
Other Expenses	1,000	1,000	695	305	
Tax Assessment Administration:					
Salaries and Wages	17,367	17,367	17,367		
Other Expenses	2,413	2,413	2,371	42	
Legal Services (Legal Dept.):					
Other Expenses	23,000	23,000	17,605	5,395	
Engineering Services:					
Other Expenses	21,300	21,300	21,300	0	
Historical Sites Office:					
Salaries and Wages	1,360	1,360	1,022	338	
Other Expenses	532	532	100	432	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	13,058	13,058	12,591	467	
Other Expenses	3,539	10,539	10,529	10	
Zoning Board of Adjustment (Zoning Officer):					
Salaries and Wages	11,979	12,279	12,271	8	
Other Expenses	422	622	612	10	
CODE ENFORCEMENT AND ADMINISTRATION:					
Construction Official:					
Salaries and Wages	7,943	7,943	7,730	213	
Other Expenses	85	85	74	11	
Building Sub-Code Official:					
Salaries and Wages	5,452	5,452	5,452		
Plumbing Sub-Code Official:					
Salaries and Wages	3,962	4,824	4,824		
Electrical Sub-Code Official:					
Salaries and Wages	2,574	2,574	2,574		
Fire Protection Sub-Code Official:					
Salaries and Wages	2,100	2,133	2,132	1	
INSURANCE:					
Liability Insurance	58,935	58,935	58,144	791	
Employee Group Health Insurance	41,000	41,000	38,400	2,600	
Unemployment Insurance	2,800	3,088	3,087	1	
PUBLIC SAFETY FUNCTIONS:					
Office of Emergency Management:					
Salaries and Wages	595	595	595		
Aid to Volunteer Fire Companies	22,950	22,950	22,950		
Contribution to First Aid Organizations	13,950	13,950	13,950		
Office of Municipal Prosecutor:					
Salaries and Wages	15,958	21,093	21,093		

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>UNEXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>	<u>CANCELLED</u>
			<u>RESERVED</u>	
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	105,579	92,191	85,310	6,881
Other Expenses	101,557	76,557	67,312	9,245
Buildings and Grounds:				
Salaries and Wages	13,520	13,520	11,661	1,859
Other Expenses (Emergency Appropriation 40A:4-46 \$26,000)	10,692	30,692	30,615	77
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services (Board of Health):				
Other Expenses	1,800	1,800	1,800	
Environmental Health Services:				
Salaries and Wages	1,379	1,379	924	455
Other Expenses	600	600	300	300
Animal Control Services:				
Salaries and Wages	5,923	5,923	5,599	324
Contributions to Social Services Agencies:				
Senior Citizens Centers	2,200	2,200	2,200	
PARK AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	1	1	-	1
Other Expenses	12,761	12,761	9,765	2,996
Maintenance of Parks:				
Other Expenses	20,720	20,720	20,123	597
OTHER COMMON OPERATING FUNCTIONS (Unclassified):				
Celebration of Public Events:				
Other Expenses	15,000	15,000	14,948	52

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCE</u> <u>CANCELLED</u>
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	13,000	13,000	9,866	3,134	
Street Lighting	5,500	5,500	4,700	800	
Telephone (excluding equipment acquisition)	9,600	11,100	11,053	47	
Gas (natural or Propane)	7,500	7,500	2,672	4,828	
Fuel Oil	12,500	12,500	4,541	7,959	
Gasoline	12,500	12,500	6,470	6,030	
Total Operations within "CAPS"	824,007	824,007	764,527	59,480	
Detail:					
Salaries and Wages	341,138	334,080	323,787	10,293	
Other Expenses	482,869	489,927	440,740	49,187	
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"					
Statutory Expenditures:					
Social Security	40,000	40,000	33,273	6,727	
Contribution to:					
PERS	46,753	46,753	46,753		
Total Deferred Charges and Statutory Expenditures	86,753	86,753	80,026	6,727	
Total General Appropriations within "CAPS"	910,760	910,760	844,553	66,207	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

<u>OPERATIONS Excluded from "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Municipal Court:					
Salaries and Wages	106,357	92,357	84,296	8,061	
Other Expenses	13,272	27,272	26,886	386	
Total Interlocal Municipal Service Agreements Excluded from "CAPS":	119,629	119,629	111,182	8,447	
 PUBLIC AND PRIVATE REVENUES OFFSET BY					
APPROPRIATIONS-EXCLUDED FROM "CAPS":					
Federal and State Grants:					
Clean Communities Program:					
Other Expenses	8,562	8,562	8,562		
Municipal Alliance on Alcoholism and Drug Abuse:					
Other Expenses-State Share	3,342	3,342	3,342		
Other Expenses-Local Share	1,003	1,003	1,003		
Drunk Driving Enforcement Funds:					
Other Expenses	413	413	413		
Ch. 159-Recycling Tonnage Grant					
Other Expenses		1,335	1,335		
Total Public and Private Programs Offset by Revenues	13,320	14,655	14,655	-	
Total Operations-Excluded from "CAPS"	132,949	134,284	125,837	8,447	
 Detail:					
Salaries and Wages	106,357	92,357	84,296	8,061	
Other Expenses	26,592	41,927	41,541	386	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>UNEXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>RESERVED</u>
				<u>CANCELLED</u>
MUNICIPAL DEBT SERVICE-Excluded from "CAPS"				
Payment of Notes	140,000	140,000	140,000	
Note Interest	4,450	4,450	4,389	\$ 61
Total Municipl Debt Service-Excluded from "CAPS"	144,450	144,450	144,389	61
 DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-EXCL. "CAPS"				
Deferred Charges:				
Emergency Authorizations	26,000	26,000	26,000	
Trust Fund Deficits	7,839	7,839	7,839	
Total Deferred Charges-Excluded from "CAPS"	33,839	33,839	33,839	-
 Total General Appropriations Excluded from "CAPS"	311,238	312,573	304,065	8,447
 Subtotal General Appropriations	1,221,998	1,223,333	1,148,618	74,654
Reserve For Uncollected Taxes	138,258	138,258	138,258	61
 TOTALS	\$ 1,360,256	\$ 1,361,591	\$ 1,286,876	\$ 74,654
	REF. A-2		A	A-1
	<u>REF.</u>			
Appropriation 40A:4-87	A-2	\$ 1,135		
Budget	A-2	1,360,256		
		<u>\$ 1,361,391</u>		
State and Federal Grant Funds	A-19		\$ 14,655	
Deferred Charges	A-25		26,000	
Reserve for Encumbrances	A-12		1,107,963	
Reserve for Uncollected Taxes	A-2		138,258	
			<u>\$ 1,286,876</u>	

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> 12/31/16	<u>BALANCE</u> 12/31/15
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 9,939	\$ 7,285
Total Dog License Fund		<u>9,939</u>	<u>7,285</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	79,367	85,659
Amount Due From Current Fund	B-6	<u>106,154</u>	<u>273,378</u>
Total Other Trust Funds		<u>185,521</u>	<u>359,037</u>
TOTAL ASSETS		<u>\$ 195,460</u>	<u>\$ 366,322</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 9,927	\$ 7,276
Amount Due State of New Jersey	B-4	6	5
Amount Due Current Fund	B-5	<u>6</u>	<u>4</u>
Total Dog License Fund		<u>9,939</u>	<u>7,285</u>
Other Trust Fund:			
Reserve for Escrow Trust Deposits	B-7	23,826	31,650
Reserve for Public Defender Trust Deposits	B-8	(1,844)	(7,339)
Reserve for Recreation Trust	B-9	3,211	15,364
Reserve for Driveway Bonds	B-10	3,850	(500)
Reserve for Municipal Open Space	B-11	113,100	300,625
Reserve for COAH Trust	B-12	10	10
Reserve for Celebration of Public Events Trust Deposits	B-13	25,974	15,107
Reserve for St John's Trust	B-14	2,394	4,120
Reserve for Tax Sale Premiums	B-15	<u>15,000</u>	<u>-</u>
Total Other Trust Fund		<u>185,521</u>	<u>359,037</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 195,460</u>	<u>\$ 366,322</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>12/31/16</u>	<u>BALANCE</u> <u>12/31/15</u>
Cash - Treasurer	C-2	\$ 165,550	\$ 216,937
Deferred Charges To Future Taxation:			
Unfunded	C-4	<u>390,211</u>	<u>530,211</u>
TOTAL ASSETS		<u>\$ 555,761</u>	<u>\$ 747,148</u>

LIABILITIES, RESERVES AND FUND BALANCE

Amount Due Current Fund	C-3	\$ 92	\$ 83
Capital Improvement Fund	C-5	1,186	1,186
Reserve for Moravian Distillery	C-6	118,633	118,633
Bond Anticipation Notes Payable	C-8	390,211	530,211
Due Grants Fund	C-9	28,346	28,346
Fund Balance	C-1	1,076	1,076
Improvement Authorizations:			
Funded	C-7	16,217	67,613
Unfunded	C-7	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 555,761</u>	<u>\$ 747,148</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2015	C	<u>\$ 1,076</u>
Balance December 31, 2016	C	<u>\$ 1,076</u>

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

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2016

F

	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>12/31/15</u>
General Fixed Assets:		
Land	\$ 724,202	\$ 724,202
Buildings	1,014,533	1,014,533
Improvements Other Than Buildings	27,414	27,414
Machinery and Equipment	<u>1,360,406</u>	<u>1,360,406</u>
Total General Fixed Assets	<u>\$ 3,126,555</u>	<u>\$ 3,126,555</u>
 Investment In General Fixed Assets	 <u>\$ 3,126,555</u>	 <u>\$ 3,126,555</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>12/31/15</u>
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 5,625	\$ 5,921
TOTAL ASSETS	<u>\$ 5,625</u>	<u>\$ 5,921</u>

LIABILITIES AND RESERVES

Payroll Tax Liabilities	\$ 5,625	5,921
TOTAL LIABILITIES AND RESERVES	<u>\$ 5,625</u>	<u>\$ 5,921</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, 2016

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 Hope include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as 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 fund types and 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 Hope 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 Hardwick 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.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Property Tax Revenue

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.

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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.

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--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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

General Fixed Assets

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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
Public Assistance Fund
Trust Fund**

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles

- 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.

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, 2016, 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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2016, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 1,221,760	\$ 1,221,760
	\$ 1,221,760	\$ 1,221,760

The carrying amount of the municipality's cash and cash equivalents at December 31, 2016, was \$1,221,760 and the bank balance was \$1,241,183. 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, \$250,000 was covered by federal depository insurances and \$991,183 was covered by collateral pool.

Note 3: LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Long Term Debt:				
Bond Anticipation Notes	\$ 530,211		\$ 140,000	\$ 390,211
Compensated absences payable	None			None
Total Long-Term Debt	\$ 530,211	-	\$ 140,000	\$ 390,211

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:

<u>Summary of Municipal Debt</u>	YEAR <u>2016</u>	YEAR <u>2015</u>	YEAR <u>2014</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$390,211	\$530,211	\$666,000
Total Deductions	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Debt Issued	\$390,211	\$530,211	\$666,000
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$390,211</u>	<u>\$530,211</u>	<u>\$666,000</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 0.172%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 710,000	\$ 710,000	-
General Debt	<u>390,211</u>	<u>-</u>	<u>\$ 390,211</u>
	<u>\$ 1,100,211</u>	<u>\$ 710,000</u>	<u>\$ 390,211</u>

Net Debt \$ 390,211 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 226,672,322 equals 0.172%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,933,531
Net Debt	<u>390,211</u>
Remaining Borrowing Power	<u>\$ 7,543,320</u>

Bond Anticipation Notes

The Township has outstanding at December 31, 2016, bond anticipation notes in the amount of \$390,211 payable to PNC Bank. These notes mature on February 8, 2017. The interest rate on the notes are 0.99% Principal and interest on this note is paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total General Capital Loans Above	<u>\$ 390,211</u>

Note 4: GENERAL FIXED ASSETS

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

	Balance <u>1/1/16</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	Balance <u>12/31/16</u>
Land	\$ 724,202	-	-	\$ 724,202
Buildings	1,014,533	-	-	1,014,533
Improvements Other Than Buildings	27,414	-	-	27,414
Machinery and Equipment	1,360,406	-	-	1,360,406
	<u>\$ 3,126,555</u>	<u>-</u>	<u>-</u>	<u>\$ 3,126,555</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017, were as follows:

Current Fund - \$100,000 *

* - Introduced

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015 emergency appropriations under New Jersey Statute 40A:4-46 were \$26,000, which are required to be deferred and appropriated in the 2016 operating budget. At December 31, 2016 no emergency appropriations were deferred. Also there were no special emergency appropriations under New Jersey Statute 40A:4-55.

Note 7: SCHOOL TAXES

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/16</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/16</u>	BALANCE <u>12/31/15</u>	TOTAL DEFERRED TAX <u>12/31/15</u>
Balance of Tax		\$ 1,970,314	\$ 1,967,460	
Deferred		<u>1,866,255</u>	<u>1,866,255</u>	
Tax Payable		<u>104,059</u>	<u>\$ 101,205</u>	
Tax Deferred	<u>\$1,866,255</u>			<u>\$1,866,255</u>

Note 8: PENSION PLANS

Description of Plans - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Plan (DCRP) which have 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, all obligations of both Systems 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. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8: PENSION PLANS - (Continued)

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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.

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 (PERS) 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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8: PENSION PLANS (Continued)

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the municipality disclosed a liability of \$1,296,687 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the municipality's proportion was 0.00438% which was a decrease of 0.00106% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the municipality's portion of the plan's pension expense was \$84,063. At June 30, 2016, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 24,114	
Changes of assumptions	268,604	
Net difference between projected and actual earnings on pension plan investments	49,444	
Changes in proportion and differences between municipality contributions and proportionate share of contributions	23,237	\$ 205,067
Total	\$ 365,399	\$ 205,067

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8: PENSION PLANS (Continued)

	<u>Year Ended June 30:</u>	
2016	\$36,097	
2017	36,097	
2018	41,820	
2019	35,135	
2020	<u>11,183</u>	
Total	<u>\$160,332</u>	

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
municipality's proportionate share of net pension liability	\$1,220,743	\$1,296,687
municipality's proportion %	0.00543809%	0.00437817%

Actuarial assumptions. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Credit	8.00%	1.79%
Mortgages	2.00%	1.67%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8: PENSION PLANS (Continued)

High Yield Bonds	2.00%	4.56%
Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Equities	13.25%	6.83%
Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate. The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
Municipality's proportionate share of the net pension liability	\$ 1,588,939	\$ 1,296,687	\$ 1,055,408

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8: PENSION PLANS (Continued)

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Three-Year Trend Information for PERS

Year	Annual Pension Contribution	Percentage of Contribution Paid
2016	\$46,753	100%
2015	\$46,960	100%
2014	\$41,206	100%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 benefits 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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: LEASES

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

Note 11: 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.

The Township permits full-time employees five full sick days for first year of employment and hence-forth ten days per year, and this benefit ceases upon termination of employment. Vacation and personal days are provided and not accumulated beyond current year.

No trust funds are accumulated for this liability that will be funded in succeeding general fund budgets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 12: 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

There are no pending lawsuits in which the Township is involved.

Note 13: OTHER REQUIRED DISCLOSURES

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, 2016:

INTERFUND BALANCES

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 39,653	\$ 131,949
Federal/State Grants Fund	28,346	13,760
Other Trust Funds	106,154	6
General Capital Fund	<u>-</u>	<u>28,438</u>
	<u>\$ 174,153</u>	<u>\$ 174,153</u>

Note 14: 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.

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2015	A	\$ 926,709
Increased by Receipts:		
Collector	A-5	\$ 6,426,439
Miscellaneous Revenue Not Anticipated	A-2	177,208
Revenue Accounts Receivable	A-9	403,342
Federal/State Grant Funds	A-18	31,806
Veterans/Senior Citizens Deductions	A-17	18,000
Due State of New Jersey	A-21	375
Federal/State Grant Funds	A-20	1,590
Interfunds Returned	B	17,850
		<u>7,076,610</u>
		8,003,319
Decreased by Disbursements:		
Reserve for Encumbrances	A-12	1,228,834
2015 Appropriation Reserves	A-11	9,120
Taxes Overpaid Refunded	A-14	7,997
County Taxes	A-15	1,731,185
Local District School Tax	A-16	3,802,762
Due State of New Jersey	A-21	425
Amount Due Municipal Open Space	A-22	238,272
Federal/State Grant Funds	A-19	23,445
		<u>7,042,040</u>
Balance December 31, 2016	A	<u>\$ 961,279</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	31,720	
Taxes Receivable	A-6		6,258,389	
Tax Title Liens	A-7		42,792	
2017 Prepaid Taxes	A-13		75,277	
Tax Overpayments	A-14		<u>18,261</u>	\$ <u>6,426,439</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			\$ <u>6,426,439</u>
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CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>		
Balance December 31, 2015	A		\$ 276,788
Increased by:			
Interest and Costs		\$ 8,093	
Transfers from Taxes Receivable	A-6	<u>18,146</u>	<u>26,239</u>
			303,027
Decreased by:			
Transfer to Foreclosed Property	A-8	69,053	
Paid	A-5	<u>42,792</u>	<u>111,845</u>
Balance December 31, 2016	A		<u>\$ 191,182</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-8

	<u>REF.</u>		
Balance December 31, 2015	A		\$ 441,700
Increased by:			
Adjustment to Assessed Valuation		\$ 347,947	
Transfers from Tax Title Liens	A-7	<u>69,053</u>	<u>417,000</u>
			858,700
Balance December 31, 2016	A		<u>\$ 858,700</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>ACCRUED</u> <u>IN 2016</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/16</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 4,920	\$ 4,920	
Construction Code Official:					
Fees and Permits	A-2		19,020	19,020	
Municipal Court:					
Fines and Costs	A-2	\$ 1,978	134,262	129,877	\$ 6,363
Energy Receipts Tax	A-2		184,384	184,384	
Garden State Trust Fund	A-2		7,426	7,426	
Interest on Investments and Deposits	A-2		4,604	4,604	
Insurance Proceeds	A-2		26,000	27,111	
Capital Fund Balance	A-2		26,000	26,000	
Totals		<u>\$ 1,978</u>	<u>\$ 406,616</u>	<u>\$ 403,342</u>	<u>\$ 6,363</u>
REF.		A		A-4	A

CURRENT FUND
SCHEDULE OF AMOUNT FROM OTHER GOVERNMENTAL UNITS -
JOINT COURT

A-10

	<u>REF.</u>		
Balance December 31, 2015	A	\$	20,233
Increased by:			
White Township Court Room Rental Charge	A-9	\$	9,340
Liberty Township Court Room Rental Charge	A-9		1,320
Hardwick Township Court Room Rental Charge	A-9		2,168
Final Audit Allocation - Court Operations CY 2016	A-9		39,071
			51,899
			72,132
Decreased by:			
White Court Operations Prepayments	A-9		37,832
Liberty Court Operations Prepayments	A-9		2,733
Hardwick Court Operations Prepayments	A-9		-
Blairstown Prior Year Receivable Paid	A-9		19,189
White Prior Year Receivable Paid	A-9		5,275
			65,029
Balance December 31, 2016	A	\$	7,103

FINAL ALLOCATION OF COSTS - CY 2016:

White Township	72.8%	\$	28,446
Liberty Township	10.3%		4,022
Hardwick Township	16.9%		6,603
			\$ 39,071

ANALYSIS OF RECEIVABLE/(PAYABLE) BALANCE

CY 2016 (FINAL AUDIT):

White Township - 2016	\$	(46)	
Liberty Township - 2015		(699)	
Liberty Township - 2016		2,609	
Hardwick-2015		(3,532)	
Hardwick-2016		8,771	\$ 7,103

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2015

A-11
Sheet 1

	<u>BALANCE</u> <u>12/31/15</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>
General Administration:				
Other Expenses	\$ 176	\$ 380	\$ 380	-
Legal Services:				
Other Expenses	888	1,888	1,396	\$ 492
Engineering:				
Other Expenses	4,300	4,300	1,000	3,300
Planning Board:				
Other Expenses	943	1,023	202	821
Zoning Board:				
Other Expenses	-	125	125	-
Road Repairs and Maintenance:				
Other Expenses	7,654	7,854	846	7,008
Building and Grounds:				
Other Expenses	-	2,961	2,961	-
Maintenance of Parks:				
Other Expenses	833	933	100	833
Telephone	37	162	162	-
Fuel Oil	5,090	3,844	454	3,390
Municipal Court:				
Other Expenses	2,411	3,849	1,494	2,355
All Others - No Change	25,457	25,457		25,457
TOTALS	<u>\$ 47,789</u>	<u>\$ 52,776</u>	<u>\$ 9,120</u>	<u>\$ 43,656</u>

REF.	A	A	A-4	A-1
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Appropriation Reserve	A	\$ 47,789
Encumbrances	A-12	<u>4,987</u>
		<u>\$ 52,776</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-12

	<u>REF.</u>	
Balance December 31, 2015	A	\$ 151,156
Increased by:		
Transfer from Current Year Appropriations-Current Fund	A-3	<u>1,107,963</u> 1,259,119
Decreased by:		
Added/Canceled Current Year Purchase Orders		\$ 3,775
Transfer to Appropriation Reserves	A-11	4,987
Cash Disbursements	A-4	<u>1,228,834</u> <u>1,237,596</u>
Balance December 31, 2016	A	<u>\$ 21,523</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2015	A	\$ 62,986
Increased by:		
2017 Taxes Collected in Advance	A-5	<u>75,277</u> 138,263
Decreased by:		
Applied to 2016 Taxes Receivable	A-6	<u>62,986</u>
Balance December 31, 2016	A	<u>\$ 75,277</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-14

	<u>REF.</u>	
Balance December 31, 2015	A	\$ 11,279
Increased by:		
2016 Tax Overpayments	A-5	<u>18,261</u> 29,540
Decreased by:		
Applied	A-6	\$ 9,916
Refunded	A-4	<u>7,997</u> <u>17,913</u>
Balance December 31, 2016	A	<u>\$ 11,627</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2015:		
Due County for Added Taxes	A	\$ 732
Increased by:		
2016 Levy:		
County Taxes	A-1:6	\$1,519,933
County Library Taxes	A-1:6	119,687
County Open Space Tax	A-1:6	90,833
Added and Omitted Taxes	A-1:6	<u>1,263</u>
		<u>1,731,716</u>
		1,732,448
Decreased by:		
Payments	A-4	<u>1,731,185</u>
Balance December 31, 2016:		
Due County for Added Taxes	A	<u>\$ 1,263</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>	
Balance December 31, 2015:		
School Tax Payable	A	\$ 101,205
School Tax Deferred		<u>1,866,255</u>
		\$ 1,967,460
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017	A-6	<u>3,805,616</u>
		5,773,076
Decreased by:		
Payments	A-4	<u>3,802,762</u>
Balance December 31, 2016:		
School Tax Payable	A	104,059
School Tax Deferred		<u>1,866,255</u>
		<u>\$ 1,970,314</u>
2016 Liability for Local District School Tax:		
Tax Paid		\$ 3,802,762
Tax Payable 12/31/16		<u>1,970,314</u>
		5,773,076
Less -- Tax Deferred 12/31/16		-
Less -- Tax Payable 12/31/15		<u>1,967,460</u>
Amount Charged to 2016 Operations	A-1	<u>\$ 3,805,616</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, 2015	A	\$ 8,458
Increased by:		
Received in Cash From State	A-4	<u>18,000</u>
		26,458
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 2,000
Veterans Deductions per Tax Billings		16,750
Senior Citizens Deductions Allowed/(Disallowed) by Collector		<u>500</u> <u>19,250</u>
Balance December 31, 2016	A	<u>\$ 7,208</u>

ANALYSIS OF BALANCE

Amount Due to State of New Jersey -- Pre 1/1/78		\$ 1,912
Amount Due to State of New Jersey -- Post 1/1/78		<u>5,296</u> <u>\$ 7,208</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-18

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/16</u>
Clean Communities		\$ 7,275	\$ 7,275		
Municipal Alliance	\$ 8,657	3,342	9,017		\$ 2,982
ANJEC Grant	500		500		-
N.J. Transportation Trust Authority: Lake Just-It Road - Phase II	446			\$ 446	-
N.J. Transportation Trust Authority: Lake Just-It Road	961			961	-
N.J. Transportation Trust Authority: Locust Lake Road	18,803			18,803	-
N.J. Transportation Trust Authority: Shiloh Road	5,009		1	5,008	-
N.J. Transportation Trust Authority: Honey Run Road	58,795				58,795
N.J. Transportation Trust Authority: Far View Road	12,164				12,164
N.J. Transportation Trust Authority: Smith & Green Streets	27,625		15,013		12,612
Generator Grant	11,250				11,250
Totals	\$ 144,210	\$ 10,617	\$ 31,806	\$ 25,218	\$ 97,803
REF.	A	A-2	A-4	A-19	A

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS-APPROPRIATED

A-19

	TRANSFER					BALANCE 12/31/16
	BALANCE 12/31/15	FROM		2016 BUDGET		
		2016 BUDGET APPROPRIATIONS	N.J.S. 40A:4-87	EXPENDED	CANCELED	
Clean Communities Program	\$ 3,706	\$ 8,562		\$ 11,504		\$ 764
Drunk Driving Program	1,899	413		1,415		897
Municipal Alliance	18,737	3,342		4,045		18,034
Local Share	1,516	1,003		1,003		1,516
ANJEC Grant	1,500					1,500
N.J. Transportation Trust Authority:						
Moravian Grange	7,411					7,411
Lake Just-It Road - Phase II	240				\$ 240	-
Locust Lake Road	18,304				18,304	-
Shiloh Road	6,674				6,674	-
Honey Run Road	58,795			4,953		53,842
Far View Road	12,164					12,164
Smith & Green Streets	13,860					13,860
Recycling Tonnage Grant	-		\$ 1,335	525		810
Generator Grant	-					-
Totals	\$ 144,806	\$ 13,320	\$ 1,335	\$ 23,445	\$ 25,218	\$ 110,798

REF.	A	A-3	A-3	A-4	A-18	A
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CURRENT FUND
SCHEDULE OF STATE GRANTS - UNAPPROPRIATED

A-20

	<u>BALANCE</u>	TRANSFER TO	<u>2016 BUDGET</u>	<u>RECEIVED</u>	<u>BALANCE</u>
	<u>12/31/14</u>		<u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>12/31/15</u>
Recycling Grant	\$ 1				\$ 1
Drunk Driving Grant	413	\$	413	\$	544
Clean Communities	1,287		1,287	1,046	1,046
Totals	\$ 1,701	\$	1,700	\$	\$ 1,591
REF.	A		A-2:3	A-4	A

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

A-21

	<u>REF.</u>	
Balance December 31, 2015	A	\$ 1,200
Increased by:		
Marriage License Receipts	A-4	<u> 375</u> 1,575
Decreased by:		
State Payments	A-4	<u> 425</u>
Balance December 31, 2016	A	<u>\$ 1,150</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-22

	<u>REF.</u>	
Balance December 31, 2015	A	\$ 300,624
Increased by:		
2016 Municipal Open Space Tax	A-6	<u>50,747</u>
Decreased by:		
Transfer for Reimbursement of Farmland Easement-Paid by Current Fund	A-4	\$ 150,000
Cambell Foundry-Paid by Current Fund	A-4	42,789
Professional Fees - Paid by Current Fund	A-4	<u>45,483</u> <u>238,272</u>
Balance December 31, 2016	A	<u>\$ 113,099</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA EXPENDITURES-RECONSTRUCTION OF ROADS

A-23

	<u>REF.</u>	
Balance December 31, 2015	A	<u>\$ 7,368</u>
Balance December 31, 2016	A	<u>\$ 7,368</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS - SALT SHED

A-24

	<u>REF.</u>	
Balance December 31, 2015	A	<u>\$ 48,878</u>
Balance December 31, 2016	A	<u>\$ 48,878</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/15</u>	<u>RAISED IN 2016 BUDGET</u>	<u>BALANCE 12/31/16</u>
Emergency (40A:4-46)	Buildings & Grounds O/E	12/9/15	26,000	\$ 26,000	\$ 26,000	-
Totals				\$ 26,000	\$ 26,000	-
REF.				A	A-3	A

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2015	B	<u>\$ 7,285</u>	<u>\$ 85,659</u>
Increased by Receipts:			
Dog License Fees	B-3	5,387	
State Dog License Fees	B-4	909	
Amount Due Current Fund	B-5:6	49	
Escrow Trust Deposits	B-7		27,579
Public Defender Trust Deposits	B-8		11,163
Recreation Trust Fund Deposits	B-9		19,511
Celebration of Public Events Trust Deposits	B-13		31,546
St John's Trust Fund	B-14	<u>-</u>	<u>2,541</u>
Total Receipts		<u>6,345</u>	<u>92,340</u>
		<u>13,630</u>	<u>177,999</u>
Decreased by Disbursements:			
Dog License Operating Expenditures	B-3	2,736	
Dog License Fees - State of New Jersey	B-4	908	
Amount Due Current Fund	B-5:6	47	-
Escrow Trust Deposits Returned	B-7		35,400
Recreation Trust Fund Payments	B-9		31,953
Celebration of Public Events Trust Payments	B-13		20,839
St John's Trust Fund	B-14	<u>-</u>	<u>10,440</u>
Total Disbursements		<u>3,691</u>	<u>98,632</u>
Balance December 31, 2016	B	<u>\$ 9,939</u>	<u>\$ 79,367</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 7,276
Increased by:		
Dog License Fees Collected	B-2	<u>5,387</u> 12,663
Decreased by:		
Administrative Expenses	B-2	<u>2,736</u>
Balance December 31, 2016	B	<u>\$ 9,927</u>

DOG FEES COLLECTED

CY 2014		\$ 5,933
CY 2015		<u>5,207</u>
		<u>\$11,140</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 5
Increased by:		
Collected in 2016:		
State Board of Health Fees	B-2	<u>909</u> 914
Decreased By:		
Payments	B-2	<u>908</u>
Balance December 31, 2016	B	<u>\$ 6</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 4
Increased by:		
Interest Credits Due Current Fund	B-2	49
		<u>53</u>
Decreased by:		
Due Current Fund	B-2	47
		<u>47</u>
Balance December 31, 2016	B	<u>\$ 6</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 273,378
Increased by:		
Escrow Trust Receipts received in Current Fund	B-7	\$ 32,900
Public Defender Receipts received in Current Fund	B-8	1,605
Recreation Receipts received in Current Fund	B-9	33,577
Driveway Bonds Recived in Current Fund	B-10	4,350
Municipal Open Space Levy Includes Added Omitted Taxes	B-11	50,747
Trust Deposits Received in Current Fund	B-13	22,299
St Johns Trust Deposits Received in Current Fund	B-14	10,440
Tax Sale Premiums Received in Current Fund	B-15	15,000
		<u>170,918</u>
		444,296
Decreased by:		
Escrow Trust paid by Current Fund	B-7	32,903
Public Defender paid by Current Fund	B-8	7,273
Recreation Receipts paid by Current Fund	B-9	33,288
Open Space Expenditures paid by Current Fund	B-11	238,272
Trust Expenditures Paid from Current Fund	B-13	22,139
St Johns Trust paid by Current Fund	B-14	4,267
		<u>338,142</u>
Balance December 31, 2016	B	<u>\$ 106,154</u>
Due to Current Fund - Escrow Trust Interest Credits		\$ (14)
Due from Current Fund - Celebration Public Events Trust		160
Due from Current Fund - Escrow Trust Interest Credits		289
Due to Current Fund - Public Defender		(26,230)
Due from Current Fund - Municipal Open Space		113,099
Due from Current Fund - St John's Trust		-
Due from Current Fund - Tax Sale Premiums		15,000
Due from Current Fund - Driveway Trust		3,850
		<u>\$ 106,154</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 31,650
Increased by:		
Escrow Deposits - Received in Current Fund	B-6	\$ 32,900
Escrow Deposits	B-2	<u>27,579</u> <u>60,479</u>
		92,129
Decreased by:		
Escrow Deposits Refunded	B-2	35,400
Escrow Deposits Refunded from Current Fund	B-6	<u>32,903</u> <u>68,303</u>
Balance December 31, 2016	B	<u>\$ 23,826</u>

TRUST FUND
SCHEDULE OF RESERVE FOR
PUBLIC DEFENDERS' TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2015	B	\$ (7,339)
Increased by:		
Public Defender Receipts received in Current Fund	B-6	\$ 1,605
Public Defender Receipts	B-2	<u>11,163</u> <u>12,768</u>
		5,429
Decreased by:		
Public Defender Payments	B-6	<u>7,273</u>
Balance December 31, 2016	B	<u>\$ (1,844)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION TRUST FUND

B-9

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 15,364
Increased by:		
Escrow Deposits	B-2	\$ 19,511
Escrow Deposits-Received in Current Fund	B-6	<u>33,577</u>
		<u>53,088</u>
		68,452
Decreased by:		
Recreation Expenses	B-2	31,953
Recreation Expenses-Paid in Current Fund	B-6	<u>33,288</u>
		<u>65,241</u>
Balance December 31, 2016	B	<u>\$ 3,211</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-10

	<u>REF.</u>
Balance December 31, 2015	B \$ (500)
Increased by:	
Driveway Bonds Recived in Current Fund	B-6 <u>4,350</u>
Balance December 31, 2016	B <u>\$ 3,850</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

B-11

	<u>REF.</u>		
Balance December 31, 2015	B		\$ 300,625
Increased by:			
2016 Levy	B-6	\$ 50,710	
2016 Added/Omitted Taxes	B-6	<u>37</u>	<u>50,747</u>
			351,372
Decreased by:			
Transfer for Reimbursement of Farmland Easement to Current Fund	B-6	150,000	
Cambell Foundry-Paid by Current Fund	B-6	42,789	
Professional Fees - Paid by Current Fund	B-6	<u>45,483</u>	<u>238,272</u>
Balance December 31, 2016	B		<u>\$ 113,100</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH TRUST

B-12

REF.

Balance December 31, 2016

B \$ 10

Balance December 31, 2016

B \$ 10

TRUST FUND
SCHEDULE OF RESERVE FOR CELEBRATION OF PUBLIC EVENTS TRUST FUND

B-13

	<u>REF.</u>	
Balance December 31, 2015	B	\$ 15,107
Increased by:		
Trust Deposits	B-2	\$ 31,546
Trust Deposits Received in Current Fund	B-6	<u>22,299</u>
		<u>53,845</u>
		68,952
Decreased by:		
Trust Expenditures	B-2	20,839
Trust Expenditures Paid from Current Fund	B-6	<u>22,139</u>
		<u>42,978</u>
Balance December 31, 2016	B	<u>\$ 25,974</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ST JOHN'S TRUST FUND

B-14

	<u>REF.</u>		
Balance December 31, 2015	B		\$ 4,120
Increased by:			
Trust Deposits	B-2	2,541	
Trust Deposits Received in Current Fund	B-6	<u>10,440</u>	<u>12,981</u>
			17,101
Decreased by:			
Trust Expenditures	B-2	10,440	
Trust Expenditures Paid by Current Fund	B-6	<u>4,267</u>	<u>14,707</u>
Balance December 31, 2016	B		<u>\$ 2,394</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-15

REF.

Increased by:

Trust Deposits Received in Current Fund	B-6	<u>\$ 15,000</u> 15,000
Balance December 31, 2016	B	<u>\$ 15,000</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH

C-2

	<u>REF.</u>	
Balance December 31, 2015	C	\$ 216,937
Increased by:		
Interest Credits	C-3	<u>847</u>
		217,784
Decreased by:		
Interfund Returned	C-3	\$ 26,234
Canceled Ordinances Anticipated in Current Fund Budgeted Revenues	C-7	<u>26,000</u> <u>52,234</u>
Balance December 31, 2016	C	<u>\$ 165,550</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2015	C	\$ (83)
Increased by:		
Interfunds Returned from Current Fund	C-2	<u>26,234</u>
		26,151
Decreased by:		
Interest Credits	C-2	\$ 847
Improvement Authorizations paid from Current Fund	C-7	<u>25,396</u> <u>26,243</u>
Balance December 31, 2016	C	<u>\$ (92)</u>

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/15</u>	DECREASED <u>PAID BY</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/16</u>
Dump Truck, Catch Basin Repairs	\$ 530,211	\$ 140,000	\$ 390,211
	<u>\$ 530,211</u>	<u>\$ 140,000</u>	<u>\$ 390,211</u>
REF.	C	C-8	C

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-5

	<u>REF.</u>	
Balance December 31, 2015	C	<u>\$ 1,186</u>
Balance December 31, 2016	C	<u>\$ 1,186</u>

GENERAL CAPITAL FUND
STATEMENT OF RESERVE FOR MORAVIAN DISTILLERY

C-6

	<u>REF.</u>	
Balance December 31, 2015	C	<u>\$ 118,633</u>
Balance December 31, 2016	C	<u>\$ 118,633</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE</u>		<u>BALANCE</u> <u>12/31/15</u>		<u>PAID OR</u> <u>CHARGED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/16</u>	
		<u>DATE</u>	<u>AMOUNT</u>	<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
Catch Basins	15-09	12/9/15	\$ 50,000	\$ 50,000		\$ 25,396	\$ 8,387	\$ 16,217	
DPW Truck	15-10	12/9/15	150,000	17,613		-	17,613	-	
				67,613	-	\$ 25,396	\$ 26,000	\$ 16,217	-
REF.				C	C	C-3	C-2	C	C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>PURPOSE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/15</u>	<u>DECREASED</u>	<u>BALANCE 12/31/16</u>
Fire Truck, Property (Moravian Grange) Acquisition & Renovation, and Roadside Mower	2-27-07	2-9-2016	2-8-2017	0.990%	\$ 530,211	\$ 140,000	\$ 390,211
					\$ 530,211	\$ 140,000	\$ 390,211
REF.					C	C-4	C

GENERAL CAPITAL FUND
STATEMENT OF AMOUNTS DUE GRANTS FUND

C-9

	<u>REF.</u>	
Balance December 31, 2015	C	<u>\$ 28,346</u>
Balance December 31, 2016	C	<u>\$ 28,346</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2016

F-1

	<u>BALANCE</u> <u>12/31/15</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/16</u>
General Fixed Assets:				
Land	\$ 724,202			\$ 724,202
Buildings	1,014,533			1,014,533
Improvements Other Than Buildings	27,414			27,414
Machinery and Equipment	<u>1,360,406</u>	-	-	<u>1,360,406</u>
 Total General Fixed Assets	 <u>\$ 3,126,555</u>	 <u>-</u>	 <u>-</u>	 <u>\$ 3,126,555</u>
 Investment In General Fixed Assets	 <u>\$ 3,126,555</u>	 <u>-</u>	 <u>-</u>	 <u>\$ 3,126,555</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

required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective March 30, 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, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 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 5, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE, BE IT RESOLVED that a grace period of 10 days for non-payment of taxes per R.S.54:4-67 is declared and that interest of 8% per annum for the first \$1,500 of delinquency and 18% per annum for any amount in excess of \$1,500 shall be charged, except that no interest shall be charged if payment of any installment is made within 10 days after the date upon which the same shall be payable."

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 5, 2016, 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, 2016, include only real property items on the 2016, 2015, 2014 and 2013 tax levies.

The last tax sale was held on February 4, 2016 and was complete.

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>
2016	6
2015	13
2014	15

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 November 15, 2016. 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 15, 2016				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2016 Property Tax	Positive	1,218	60	19
2017 Property Tax	Positive	1,218	60	19
2016 Delinquent Tax	Negative	461	25	9

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 Hope to these new directives are as follows:

<u>Requirement</u>	<u>FY 2016 Required 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 2016</u>	<u>%</u>	<u>YEAR 2015</u>	<u>%</u>
Fund Balance Utilized	\$ 99,487	1.39%	\$ 141,304	1.94%
Miscellaneous - From Other Than				
Local Property Tax Levies	625,922	8.72%	709,573	9.73%
Collection of Delinquent Taxes and				
Tax Title Liens	84,261	1.17%	53,189	0.73%
Collection of Current Tax Levy	6,309,072	87.91%	6,311,323	86.50%
Other Credits to Income	<u>58,385</u>	<u>0.81%</u>	<u>80,757</u>	<u>1.11%</u>
Total Income	<u>7,177,127</u>	<u>100.00%</u>	<u>7,296,146</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	1,274,019	18.70%	1,529,654	21.48%
County Taxes	1,731,716	25.42%	1,772,741	24.89%
Local Taxes	3,805,616	55.87%	3,804,917	53.42%
Interfund Advances	<u>-</u>	<u>0.00%</u>	<u>14,800</u>	<u>0.21%</u>
Total Expenditures	<u>\$ 6,811,351</u>	<u>100.00%</u>	<u>\$ 7,122,112</u>	<u>100.00%</u>

Excess in Revenue	365,776		174,034
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Adjustments to Income Before Fund Balance:

 Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Y	<u>-</u>		<u>26,000</u>
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Statutory Excess To Fund Balance	365,776		200,034
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Fund Balance January 1	210,034		151,304
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Less:

Utilization as Anticipated Revenue	<u>99,487</u>		<u>141,304</u>
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Fund Balance December 31	<u>\$ 476,323</u>		<u>\$ 210,034</u>
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Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$2.529</u>	<u>\$2.512</u>	<u>\$2.391</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.326	\$0.324	\$0.247
Municipal Open Space	\$0.020	\$0.040	\$0.019
County	\$0.683	\$0.659	\$0.681
Local School	\$1.501	\$1.489	\$1.444

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2016	\$253,549,767
2015	\$255,605,320
2014	\$258,562,814

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>
2016	\$ 6,416,706	\$6,309,072	98.32%
2015	\$ 6,423,200	\$6,311,323	98.25%
2014	\$ 6,185,085	\$6,060,142	97.97%

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>
2016	\$ 191,182	\$ 78,954	\$ 270,136	4.21%
2015	\$ 276,788	\$ 62,664	\$ 339,452	5.28%
2014	\$ 252,554	\$ 46,967	\$ 299,521	4.84%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2016	\$858,700
2015	\$441,700
2014	\$441,700

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year Regular</u>
2016	\$ 476,323	\$ 100,000
2015	\$ 210,034	\$ 99,487
2014	\$ 151,304	\$ 141,304
2013	\$ 203,502	\$ 170,000
2012	\$ 244,098	\$ 193,430

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 Bond</u>	<u>Name Of Corporate Surety</u>
Timothy C. McDonough		Mayor		
M. John Koonz		Committeeperson		
George H. Beatty		Committeeperson		
Judith Fisher	(8/1/16 - 12/31/16)	Municipal Clerk	\$35,000	Selective Insurance Co.
Mary Pat Quinn	(1/1/16 - 7/31/16)	Clerk; Registrar of Vital Statistics; Assessment Search Officer; Dog Registrar	\$35,000	Selective Insurance Co.
Robin Keggan	(8/1/16 - 12/31/16)	Deputy Clerk		
Lynn Gabel	(1/1/16 - 7/31/16)	Deputy Clerk		
Kathleen Reinalda		Certified Municipal Finance Officer	\$95,000	Selective Insurance Co.

Officials in Office and Surety Bonds (Continued)

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Stephen J. Lance	Collector; Tax Search Officer	\$95,000	Selective Insurance Co.
Karen M. Bartlett-Lance	Assistant Tax Collector	\$25,000	Selective Insurance Co.
Michael Selvaggi	Attorney		
Richard Motyka	Assessor		
Ralph Price	Construction Official		
George Boesze	Zoning Officer		
Alan DeCarolis	Animal Control Officer		
Alfia Schemm	Planning Board Secretary; Zoning Board of Adjustment Secretary		
Robin Keggan	Secretary to Environmental Commission		

The minimum bond coverage for the Tax Collector and Municipal Court based on prior year tax levies is as follows:

All other officials handling monies were bonded by blanket bond coverage in the amount of \$10,000 under faithful performance blanket bond position as provided by the Selective Insurance

<u>Year</u>	<u>Tax Collector</u>	<u>Municipal Court</u>
2016	\$95,558	\$18,890

All the bonds were examined and were properly executed.



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, 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 Committee
Township of Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

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 regulatory-basis financial statements of the Township of Hope in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Township of Hope's basic financial statements, and have issued our report thereon dated March 31, 2017, 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 accounting principles generally accepted in the United States of America.

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.

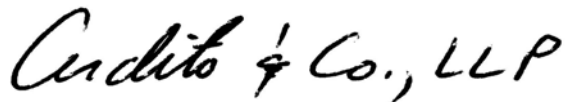
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

ARDITO & CO., LLP



Frenchtown, New Jersey
March 31, 2017



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
March 31, 2017

SCHEDULE OF FEDERAL/STATE AWARDS

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH (ACCRUED) OR DEFERRED REVENUE			CASH (ACCRUED) OR DEFERRED REVENUE		
					BALANCE AT 1/1/16	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	BALANCE AT 12/31/16	
<u>DEPT. OF COMMUNITY AFFAIRS</u>										
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A	3,342	2016	A		\$ 360			\$ 360	
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A		2015	A	\$ 9,236	8,657		\$ 3,201	14,692	
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A		2014	A	844			844	-	
<u>DEPT. OF ENVIR. PROTECTION</u>										
Solid Waste Admin.- Clean Communities Program	4900-765-178900	8,321	2016	A		8,321		6,511	1,810	
Clean Communities Program		7,275	2015	A	4,993			4,993	-	
<u>DEPT. OF PUBLIC SAFETY</u>										
Drunk Driving Enforcement Fund	4250-760-050000-63	544	2016	A		544			544	
Drunk Driving Enforcement Fund	4250-760-050000-63		Prior Years	A	2,312			1,415	897	
<u>DEPT. OF TRANSPORTATION</u>										
NJ Transportation Fund Authority Act										
Lake Just-It Road-Phase II	N/A	91,600	2011	A	(1,666)	1	\$ 1,665		-	
Shiloh Road	N/A	193,000	2013	A	1,665		(1,665)		-	
Honey Run Road	N/A	261,500	2014	A	-			4,953	(4,953)	
Far View Road	N/A	31,000	2015	A	-				-	
Moravian Grange	N/A	29,519	2014	A	7,411				7,411	
Smith & Green Streets	N/A	91,000	2015	A	(13,765)	15,013			1,248	
<u>OTHER LOCAL AIDS</u>										
Recycling Grant	N/A	1,335	2016			1,335		525	810	
Recycling Grant	N/A	1,002	2014			1			1	
Generator Grant	N/A	11,250	2015	A	(11,250)				(11,250)	
ANJEC Grant	N/A	1,500	2015	A	1,000	500			1,500	
TOTAL STATE ASSISTANCE						\$ 781	\$ 34,731	-	\$ 22,442	\$ 13,070

Note: This Schedule was not subject to an audit in accordance with NJ OMB Circular 15-08

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF HOPE

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2016

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 Hope. The Township of Hope 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 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 Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2016 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

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

Prior Year
Occurrence

2015-1 All statutory means should be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Finding is Repeated in 2016

(*) Prior Year Finding

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2016

Summary of Auditor's Results

The Township 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 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 Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2016 as grant expenditures were less than the single audit thresholds of \$750,000, 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

2016-1 * Over \$190,000 of tax title liens remain outstanding as of December 31, 2016. Property tax levies on these properties are added to liens in excess of \$18,000 annually, of which the township has to bear the full cost of the related local school and county tax levies.

Although significant liquidation progress has been made from the prior year, all statutory means should be utilized to liquidate the remaining five significant tax title liens in order to get those properties back on a taxpaying basis.

2016-2 The statutory employee surety bond for the Tax Collector of \$95,000 is slightly under the statutory amount required of \$95,558.

We recommend the Township review the statutory minimum amount required for employee surety bonds on an annual basis.

(*) Prior Year Finding