

TOWNSHIP OF HOPEWELL
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2013

TOWNSHIP OF HOPEWELL
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TOWNSHIP OF HOPEWELL

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Township Committee
Township of Hopewell
County of Cumberland, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Hopewell, as of December 31, 2013 and 2012, the related statement 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 for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Hopewell on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Hopewell as of December 31, 2013 and 2012 or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the years ended December 31, 2013 and 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Hopewell’s basic financial statements. The supplementary information listed in the table of contents and the general comments and findings and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2014 on our consideration of the Township of Hopewell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hopewell's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 18, 2014

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EXHIBIT - A
CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,130,437.15	3,083,858.46
Cash - Collector	20,259.05	20,259.05
Cash - Change	505.00	505.00
Total Cash	<u>2,151,201.20</u>	<u>3,104,622.51</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	3,873.29	-
Total Other Receivables	<u>3,873.29</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	369,021.92	436,824.00
Tax Title and Other Liens	69,675.01	43,569.42
Property Acquired for Taxes - at Assessed Valuation	134,700.00	134,700.00
Interfund Receivable:		
Due from Sewer Operating Fund	78,073.32	71,314.11
Due from Trust Fund - Other	337.23	190.59
Due from General Capital Fund	60,264.00	-
Due from Grant Fund	16,389.60	-
Total Receivables and Other Assets	<u>728,461.08</u>	<u>686,598.12</u>
Deferred Charges:		
Overexpenditure of Appropriation	1,657.56	1,657.56
Total Deferred Charges	<u>1,657.56</u>	<u>1,657.56</u>
Total Regular Fund	<u>2,885,193.13</u>	<u>3,792,878.19</u>
Federal and State Grant Fund:		
Cash	59,190.57	36,746.41
Deferred Charges:		
Overexpenditure of Grant Appropriation	8,069.75	-
Federal and State Grants Receivable	344,418.38	157,297.09
Due from Sewer Operating Fund	3,474.64	3,474.64
Due from General Capital Fund	240,000.00	240,000.00
Due from Current Fund	-	88,182.08
Total Federal and State Grant Fund	<u>655,153.34</u>	<u>525,700.22</u>
Total Current Fund	<u>\$ 3,540,346.47</u>	<u>4,318,578.41</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 251,756.47	146,961.02
Reserve for Encumbrances	22,678.26	30,653.31
Accounts Payable	716.31	-
Prepaid Taxes	69,519.26	79,800.08
Overpaid Taxes	7,376.62	10,617.05
Local School Tax Payable	163,378.00	529,788.23
Regional School Tax Payable	726,636.70	765,014.22
County Added Tax Payable	5,637.15	91,160.92
Due to State:		
Marriage Licenses	-	250.00
Seniors and Veterans	-	878.08
Interfund Payable:		
Due to Capital Fund	-	364,334.92
Due to Grant Fund	-	88,182.08
Other		
Reserve for Performance Bond	-	100,000.00
Reserve for Garden State Preservation	-	5,170.00
	1,247,698.77	2,212,809.91
Reserve for Receivables and Other Assets	728,461.08	686,598.12
Fund Balance	909,033.28	893,470.16
Total Regular Fund	2,885,193.13	3,792,878.19
Federal and State Grant Fund:		
Unappropriated Reserves	4,456.73	2,114.78
Appropriated Reserves	624,997.01	523,585.44
Encumbrances Payable	9,310.00	-
Due to Current Fund	16,389.60	-
	655,153.34	525,700.22
Total Federal and State Grant Fund	655,153.34	525,700.22
Total Current Fund	\$ 3,540,346.47	4,318,578.41

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 677,000.00	677,000.00
Miscellaneous Revenue Anticipated	811,478.44	613,091.69
Receipts from Delinquent Taxes	422,115.35	398,176.76
Receipts from Current Taxes	8,236,607.12	8,362,371.44
Non Budget Revenue	123,843.09	122,888.58
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	72,571.66	43,130.21
Cancellation of Prior Year Liabilities	-	63,049.52
Grant Encumbrance Cancelled	-	32,930.68
	10,343,615.66	10,312,638.88
Total Income		
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	526,825.00	504,277.56
Other Expenses	742,510.00	815,935.51
Deferred Charges & Statutory Expenditures	113,305.22	169,237.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	8,750.00	8,550.00
Other Expenses	264,103.11	54,055.52
Capital Improvements	80,000.00	80,000.00
Deferred Charges	170,000.00	-
Local District School Tax	2,826,756.00	3,209,576.37
Regional District School Tax	1,453,273.00	1,530,028.44
County Tax	3,368,583.61	3,256,608.12
County Share of Added Tax	5,637.15	91,160.92
Refund of Prior Year's Revenue	7,750.00	-
Interfund Created	83,559.45	71,134.59
	9,651,052.54	9,790,564.03
Total Expenditures		
Excess/(Deficit) in Revenue	\$ 692,563.12	522,074.85

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	\$	1,657.56
Total Adjustments	-	1,657.56
Statutory Excess to Fund Balance	692,563.12	523,732.41
Fund Balance January 1	893,470.16	1,046,737.75
	1,586,033.28	1,570,470.16
Decreased by:		
Utilization as Anticipated Revenue	677,000.00	677,000.00
Fund Balance December 31	\$ 909,033.28	893,470.16

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 677,000.00	677,000.00	-
Total Fund Balance Anticipated	<u>677,000.00</u>	<u>677,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Interest and Costs on Taxes	65,000.00	66,147.31	1,147.31
Interest Earned on Investments	20,000.00	19,697.31	(302.69)
Payments in Lieu of Taxes - Hopewell Place	106,100.00	107,400.00	1,300.00
Rent of Municipal Property	13,000.00	34,020.00	21,020.00
Total Section A: Local Revenues	<u>204,100.00</u>	<u>227,264.62</u>	<u>23,164.62</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	20,898.00	20,898.00	-
Energy Receipts Tax	280,046.00	280,046.00	-
Garden State Preservation Trust Fund	5,170.00	5,170.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>306,114.00</u>	<u>306,114.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	40,000.00	32,653.00	(7,347.00)
Total Section C: Uniform Construction Code Fees	<u>40,000.00</u>	<u>32,653.00</u>	<u>(7,347.00)</u>
Section D: Special Items - Interlocal Service Agreements			
Interlocal Senior Center Agreement with Stow Creek Township, Greenwich Township and Shiloh Borough - Operating Costs	15,750.00	26,761.97	11,011.97
Interlocal Agreement with Greenwich Township Convenience Center	9,000.00	13,411.36	4,411.36
Total Section D: Special Items - Interlocal Service Agreements	<u>24,750.00</u>	<u>40,173.33</u>	<u>15,423.33</u>

Exhibit A-2

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	187,121.29		187,121.29	-
Small Cities Grant		10,669.69	10,669.69	-
Clean Communities Grant				
Total Section F: Special Items - Public and Private Programs	187,121.29	10,669.69	197,790.98	-
Section G: Other Special Items				
Uniform Fire Safety	2,000.00		6,199.36	4,199.36
Payments in Lieu of Taxes - 5 Year Tax Abatement Program	900.00		1,283.15	383.15
Total Section G: Other Special Items	2,900.00	-	7,482.51	4,582.51
Total Miscellaneous Revenues:	764,985.29	10,669.69	811,478.44	35,823.46
Receipts from Delinquent Taxes	439,500.00		422,115.35	(17,384.65)
Amount to be Raised by Taxes for Support of Municipal Budget	593,364.47		795,318.70	201,954.23
Local Tax for Municipal Purposes	593,364.47		795,318.70	201,954.23
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,474,849.76	10,669.69	2,705,912.49	220,393.04
Budget Totals				
Non-Budget Revenues:				
Other Non-Budget Revenues:				
	2,474,849.76	10,669.69	2,829,755.58	344,236.13

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	8,236,607.12
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	8,236,607.12
Allocated to:	
School, County and Other Taxes	8,004,249.76
Balance for Support of Municipal Budget Appropriations	232,357.36
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	562,961.34
Amount for Support of Municipal Budget Appropriations	795,318.70

Receipts from Delinquent Taxes:

Delinquent Tax Collection	418,881.40
Tax Title Lien Collections	3,233.95

Total Receipts from Delinquent Taxes	422,115.35
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Clerk Fees	3,666.45
Planning & Zoning	935.00
200 Foot List	175.00
Cable Franchise Fee	19,188.56
Shared Services - Construction Code	5,000.00
Code Compliance Letters	1,325.00
Stow Creek - Fire Department	23,498.39
Municipal Court	10,094.78
Senior & Vets Admin Fees	1,347.44
FEMA - Irene	6,447.43
Recycling	10,391.57
Reimbursements	13,499.07
Liquor Licenses	2,500.00
Miscellaneous	25,774.40

Total Miscellaneous Revenue Not Anticipated:	123,843.09
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See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Salaries and Wages	\$ 144,000.00	144,000.00	126,659.66		17,340.34	-
Other Expenses	31,000.00	26,500.00	25,253.29		1,246.71	-
Financial Administration						
Salaries and Wages	61,200.00	61,200.00	61,200.00			-
Other Expenses:						
Miscellaneous Other Expenses	11,000.00	11,000.00	10,504.05		495.95	0.00
Annual Audit	27,000.00	27,000.00	27,000.00			-
Collection of Taxes						
Salaries and Wages	28,250.00	28,250.00	28,249.00		1.00	-
Other Expenses:						
Liquidation of Tax Liens	500.00	500.00			500.00	-
Miscellaneous Other Expenses	4,500.00	3,500.00	2,440.73	444.00	615.27	-
Computer Supplies	5,000.00	5,000.00	5,000.00			-
Tax Assessment Administration						
Salaries and Wages	33,600.00	33,600.00	33,507.77		92.23	0.00
Other Expenses:						
Miscellaneous Other Expenses	7,000.00	7,000.00	6,890.45		109.55	0.00
Maintenance of Tax Map	8,000.00	9,000.00	8,554.57		445.43	-
Computer Services	3,000.00	4,500.00	3,450.35		1,049.65	-
Legal Services						
Salaries and Wages	12,100.00	12,100.00	12,100.00			-
Other Expenses	45,000.00	57,000.00	52,006.35	1,865.44	3,128.21	-
Engineer Services & Costs						
Other Expenses	35,000.00	20,000.00	13,222.63		6,777.37	-
Western Cumberland County Economic Develop. Corp.						
Other Expenses	9,000.00	9,000.00	9,000.00			-
Economic Development Committee	17,000.00	17,000.00	5,000.00	12,000.00		-
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	7,800.00	7,800.00	7,800.00			-
Other Expenses	1,200.00	1,200.00	960.32		239.68	-
Zoning Board of Adjustment						
Salaries and Wages	19,650.00	19,650.00	19,650.00			-
Other Expenses	700.00	700.00	371.06		328.94	-
Code Enforcement						
Salaries and Wages	3,400.00	3,400.00	3,209.76		190.24	(0.00)

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
General Liability	64,000.00	64,000.00	63,610.08		389.92	(0.00)
Disability	500.00	500.00	336.99		163.01	-
Medical Reimbursements	1,880.00	1,880.00	1,559.00		321.00	-
Employee Group Insurance	20,000.00	15,000.00	11,351.10		3,648.90	-
PUBLIC SAFETY						
Office of Emergency Management						
Salaries and Wages	2,450.00	2,450.00	2,400.00		50.00	-
Other Expenses	1,500.00	1,500.00	1,451.71		48.29	-
Ambulance Service Contribution						
Other Expenses	31,980.00	31,980.00	31,980.00		-	-
Fire						
Other Expenses	50,000.00	50,000.00	45,468.19	3,305.42	1,226.39	0.00
Uniform Fire Safety Act						
Salaries and Wages	3,400.00	3,400.00	2,833.36		566.64	-
Other Expenses	500.00	500.00			500.00	-
Demolition of Public Property	28,500.00	23,500.00			23,500.00	-
STREETS AND ROADS						
Streets and Road Maintenance						
Salaries and Wages	98,000.00	98,000.00	82,477.87		15,522.13	-
Other Expenses	35,000.00	35,000.00	22,449.16	3,426.75	9,124.09	-
Public Building and Grounds						
Other Expenses	15,000.00	27,000.00	26,494.33	36.65	469.02	0.00
HEALTH AND WELFARE						
Animal Control Services						
Environmental Commission	11,500.00	12,500.00	10,360.46	1,600.00	539.54	0.00
Other Expenses	750.00	750.00	93.00		657.00	-
RECREATION AND EDUCATION						
Recreation Services and Programs						
Other Expenses	1,000.00	1,000.00	1,000.00		-	-
Bostwik Lake Commission	2,000.00	2,000.00	2,000.00		-	-
Senior Citizen Center						
Salaries and Wages	13,300.00	13,300.00	10,740.73		2,559.27	-
Other Expenses	10,000.00	10,000.00	8,173.40		1,826.60	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official	36,000.00	36,000.00	32,966.32		3,033.68	-
Salaries and Wages			924.17		1,575.83	-
Other Expenses	2,500.00	2,500.00				
Sub Code Officials						
Plumbing Inspector	7,500.00	7,500.00	7,500.00			-
Salaries and Wages						
Electrical Inspector	11,500.00	11,500.00	9,000.00		2,500.00	-
Salaries and Wages						
Fire Code Official	3,675.00	3,675.00	3,600.00		75.00	-
Salaries and Wages						
Unclassified:						
Sanitation:						
Convenience Center	31,000.00	31,000.00	30,994.96		5.04	0.00
Salaries and Wages			128,402.57		51,597.43	-
Other Expenses	180,000.00	180,000.00	7,725.00		275.00	-
Sanitary Landfill Facility No. 0607A Post-Closure Care						
Utilities:						
Electricity	17,000.00	20,000.00	15,885.94		4,114.06	-
Street Lighting	16,000.00	16,000.00	11,589.59		4,410.41	-
Telephone	11,000.00	11,000.00	9,794.26		1,205.74	-
Fuel Oil	15,000.00	15,000.00	9,506.27		5,493.73	-
Sewer	2,000.00	2,000.00	1,503.88		496.12	-
Gasoline	12,000.00	12,000.00	10,512.36		1,487.64	-
Salary Adjustments	10,000.00	10,000.00	5,332.51		4,667.49	-
TOTAL OPERATIONS WITHIN "CAPS"	1,269,335.00	1,269,335.00	1,072,047.20	22,678.26	174,609.54	0.00
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,269,335.00	1,269,335.00	1,072,047.20	22,678.26	174,609.54	0.00
Detail:						
Salaries and Wages	526,825.00	526,825.00	480,221.94	-	46,603.06	0.00
Other Expenses	742,510.00	742,510.00	591,825.26	22,678.26	128,006.48	0.00

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Anticipated Deficit - Sewer Utility	34,500.00	34,500.00	17,435.22	-		17,064.78
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	54,870.00	54,870.00	54,870.00			-
Social Security System (O.A.S.I.)	41,000.00	41,000.00	36,919.70		4,080.30	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>130,370.00</u>	<u>130,370.00</u>	<u>109,224.92</u>	<u>-</u>	<u>4,080.30</u>	<u>17,064.78</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>1,399,705.00</u>	<u>1,399,705.00</u>	<u>1,181,272.12</u>	<u>22,678.26</u>	<u>178,689.84</u>	<u>17,064.78</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Emergency Service Volunteer Length of Service Award Prgm	10,600.00	10,600.00	10,012.50		587.50	-
Interlocal Municipal Service Agreements						
Stow Creek Twp, Greenwich Twp & Shiloh Borough						
Salaries and Wages	8,750.00	8,750.00	8,750.00			-
Other Expenses	7,000.00	7,000.00	7,000.00			-
Senior Center Agreement with Greenwich Twp						
Sanitation - Convenience Center	9,000.00	9,000.00	9,000.00			-
Salaries and Wages						
Senior Center Agreement with Cumberland-Salem Regional Municipal Court's						
Contracted Services	21,000.00	21,000.00	14,878.62		6,121.38	-
	<u>56,350.00</u>	<u>56,350.00</u>	<u>49,641.12</u>	<u>-</u>	<u>6,708.88</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Grant Match	18,712.13	18,712.13	18,712.13	-	-	-
Small Cities	187,121.29	187,121.29	187,121.29	-	-	-
Clean Communities	-	10,669.69	10,669.69	-	-	-
Total Public and Private Programs Off-Set by Revenues	205,833.42	216,503.11	216,503.11	-	-	-
Total Operations - Excluded from "CAPS" Detail:						
Salaries and Wages	262,183.42	272,853.11	266,144.23	-	6,708.88	-
Other Expenses	8,750.00	8,750.00	8,750.00	-	-	-
	255,183.42	264,103.11	257,394.23	-	6,708.88	-
(C) Capital Improvements						
Farmland Preservation - TDR	10,000.00	10,000.00	10,000.00	-	-	-
Municipal Land, Building Improvements & Equipment	55,000.00	55,000.00	3,642.25	-	51,357.75	-
Municipal Building Heating	15,000.00	15,000.00	-	-	15,000.00	-
Total Capital Improvements	80,000.00	80,000.00	13,642.25	-	66,357.75	-
(E) Deferred Charges						
Deferred Charges to Future Taxation Unfunded						
Ordinance 08-07	130,000.00	130,000.00	130,000.00	-	-	-
Ordinance 09-01	40,000.00	40,000.00	40,000.00	-	-	-
Total Deferred Charges	170,000.00	170,000.00	170,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	512,183.42	522,853.11	449,786.48	-	73,066.63	-
SUBTOTAL GENERAL APPROPRIATIONS	1,911,888.42	1,922,558.11	1,631,058.60	22,678.26	251,756.47	17,064.78
(M) Reserve for Uncollected Taxes	562,961.34	562,961.34	562,961.34	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 2,474,849.76	2,485,519.45	2,194,019.94	22,678.26	251,756.47	17,064.78

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Budget					
Appropriations by 40A:4-87 Emergency Appropriations		2,474,849.76 10,669.69			17,064.78 (0.00)
		<u>2,485,519.45</u>			<u>17,064.78</u>
Reserve for Uncollected Taxes			562,961.34		
Federal and State Grants			197,790.98		
Matching Funds for Grants			28,712.13		
Deferred Charges			170,000.00		
Disbursements			1,234,555.49		
			<u>2,194,019.94</u>		
				Cancelled Overexpended	

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**EXHIBIT - B
TRUST FUND**

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 139.48	751.34
Due from State of NJ	-	9.80
	139.48	761.14
<u>OTHER TRUST FUND</u>		
Cash and Investments	193,534.02	155,359.36
	193,534.02	155,359.36
	193,673.50	156,120.50
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	127.68	761.14
Due to State of New Jersey	11.80	-
	139.48	761.14
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	23,468.57	22,177.88
Sanitary Landfill	42,091.21	41,776.72
Developers Escrow	23,616.08	26,168.72
COAH Fees	37,301.80	37,066.73
Tax Sale Premiums	53,100.00	27,000.00
Redemption of Tax Sale Certificates	13,619.13	978.72
Interfunds and Payables:		
Due to Current Fund	337.23	190.59
	193,534.02	155,359.36
	\$ 193,673.50	156,120.50

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 9,975.36	21,740.86
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	843,725.00	464,625.00
Interfunds and Receivables		
Due from Current Fund	-	364,334.92
	<u>853,700.36</u>	<u>850,700.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Interfunds:		
Due to Grant Fund	240,000.00	240,000.00
Due to Current Fund	60,264.00	-
Improvement Authorizations:		
Funded	93,124.27	122,234.20
Unfunded	114,356.20	113,610.69
Capital Improvement Fund	345,955.89	374,855.89
Fund Balance	-	-
	<u>\$ 853,700.36</u>	<u>850,700.78</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2012	464,625.00
2013	843,725.00

See accompanying Notes to Financial Statements - Regulatory Basis

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Beginning Balance January 1	\$ -	-
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ -	-

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
SEWER UTILITY FUND

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 10,386.75	\$ 70,118.61
Interfunds and Receivables		
Due from Sewer Capital Fund	23,423.41	23,220.01
	33,810.16	93,338.62
Receivables and Other Assets with Full Reserves:		
Sewer Accounts Receivable	72,329.06	66,323.59
	72,329.06	66,323.59
Deferred Charges:		
Emergency Appropriation	75,000.00	-
	75,000.00	-
Total Operating Fund	181,139.22	159,662.21
Capital Fund:		
Cash - Treasurer	36,161.86	35,958.46
Fixed Capital - Complete	7,434,710.09	7,434,710.09
Fixed Capital - Authorized and Uncomplete	39,789.91	39,789.91
Total Capital Fund	7,510,661.86	7,510,458.46
	\$ 7,691,801.08	\$ 7,670,120.67

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Operating Fund:		
Appropriation Reserves	\$ 12,770.99	\$ 7,108.25
Reserve for Encumbrances	1,955.53	-
Prepaid Sewer Rents	3,240.26	2,126.20
Accrued Interest on Bonds and Notes	8,320.00	8,340.00
Interfunds:		
Due to Current Fund	78,073.32	71,314.11
Due to Grant Fund	3,474.64	3,474.64
	<u>107,834.74</u>	<u>92,363.20</u>
Reserve for Receivables	72,329.06	66,323.59
Fund Balance	975.42	975.42
Total Operating Fund	<u>181,139.22</u>	<u>159,662.21</u>
Capital Fund:		
Interfunds:		
Due to Sewer Operating Fund	23,423.41	23,220.01
Bonds And Loans Payable	4,187,904.50	4,268,200.83
Improvement Authorizations:		
Funded	-	-
Unfunded	39,789.91	39,789.91
Reserve for Amortization	3,207,015.68	3,126,719.35
Deferred Reserve for Amortization	39,789.91	39,789.91
Fund Balance	12,738.45	12,738.45
Total Capital Fund	<u>7,510,661.86</u>	<u>7,510,458.46</u>
	<u>\$ 7,691,801.08</u>	<u>\$ 7,670,120.67</u>

There were bonds and notes authorized but not issued at December 31 (D - 15)

2012	39,789.91
2013	39,789.91

See accompanying Notes to Financial Statements - Regulatory Basis

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ -	\$ 55,000.00
Sewer Rents	607,014.99	481,584.25
Miscellaneous Revenue Anticipated	17,435.22	61,256.51
Miscellaneous Revenue Not Anticipated	7,261.54	4,702.42
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	7,108.25	17,671.82
Total Income	638,820.00	620,215.00
Expenditures		
Operations	433,500.00	340,000.00
Debt Service	280,320.00	280,215.00
Total Expenditures	713,820.00	620,215.00
Excess/(Deficit) in Revenue	(75,000.00)	-
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	75,000.00	-
Total Adjustments	75,000.00	-
Excess in Operations	-	-
Fund Balance January 1	975.42	975.42
Decreased by:	975.42	55,975.42
Utilization as Anticipated Revenue	-	55,000.00
Fund Balance December 31	\$ 975.42	\$ 975.42

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Beginning Balance January 1	\$ 12,738.45	12,738.45
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ 12,738.45	12,738.45

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ -	-	-
Sewer Rents	480,000.00	482,014.99	2,014.99
Additional Sewer Rents	125,000.00	125,000.00	
Deficit (General Budget)	34,500.00	17,435.22	(17,064.78)
	<u>\$ 639,500.00</u>	<u>624,450.21</u>	<u>(15,049.79)</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	\$ 604,888.79
Prepayments & Overpayments Applied	2,126.20
	<u>607,014.99</u>

Miscellaneous Revenue Not Anticipated

Interest on Investments	1,069.23
Interest on Delinquent Accounts	5,938.25
Refunds	254.06
	<u>\$ 7,261.54</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 40,500.00	40,500.00	32,518.36		7,981.64	
Other Expenses	308,000.00	383,000.00	376,341.51	1,955.53	4,702.96	
Other Expenses - Insurance	10,000.00	10,000.00	9,913.61		86.39	
	<u>358,500.00</u>	<u>433,500.00</u>	<u>418,773.48</u>	<u>1,955.53</u>	<u>12,770.99</u>	<u>-</u>
Capital Improvements:						
None	-	-	-	-	-	-
Debt Service:						
Payment of Bond Principal	80,500.00	80,500.00	80,296.33			203.67
Interest on Bonds	200,500.00	200,500.00	200,023.67			476.33
	<u>281,000.00</u>	<u>281,000.00</u>	<u>280,320.00</u>	<u>-</u>	<u>-</u>	<u>680.00</u>
	<u>\$ 639,500.00</u>	<u>714,500.00</u>	<u>699,093.48</u>	<u>1,955.53</u>	<u>12,770.99</u>	<u>680.00</u>

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

**GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Land Buildings and Improvements	\$ 1,306,433.12	1,168,228.03
Machinery and Equipment	<u>1,619,121.56</u>	<u>1,579,158.56</u>
	<u>2,925,554.68</u>	<u>2,747,386.59</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>2,925,554.68</u>	<u>2,747,386.59</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Hopewell include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Hopewell, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

The Township of Hopewell was incorporated in 1748. The Township is located in Cumberland County and is primarily a rural farming community, 54.5 square miles in size with a population of 4,571 according to the 2010 Federal Census.

The Township operates under a five member Township Committee. The Township Committee appoints the Mayor at the annual reorganization meeting. The Mayor is the Chief Executive Officer of the Township and is assisted by the Township Committee.

B. Description of Funds

The accounting policies of the Township of Hopewell 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 the respect to public funds. Under this method of accounting, the Township of Hopewell accounts for its financial transactions through the following separate funds:

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

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

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

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 governmental 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 Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to 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. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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 is not included on the various balance sheets.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized. No depreciation has been 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.

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Township of Hopewell to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on February 1, May 1, August 1 and November 1.

Interest on Delinquent Utility Charges - It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge one and one half percent (1.5%) per month on charges becoming delinquent after due date. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Hopewell to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$562,961.34 and \$553,355.37. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$677,000.00 and \$677,000.00. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$0.00 and \$55,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by The Township Committee. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Legal Services and Costs		
Other Expenses	\$ 12,000.00	(9,000.00)
Engineering Services & Costs		
Other Expenses	(15,000.00)	
Sanitation		
Convenience Center		
Other Expenses		8,000.00
Public Buildings & Grounds		
Other Expenses	12,000.00	
<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Sewer Utility Fund</u>		
	\$ None	None

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Clean Communities Program	\$ 10,669.69	2,981.83
Recycling Tonnage Grant		9,087.69
Total	\$ <u>10,669.69</u>	<u>12,069.52</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 2: BUDGETARY INFORMATION - CONTINUED

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved an emergency appropriation in 2013 for \$75,000.00 in the Sewer Fund. This emergency was due to additional costs related to higher than anticipates sewage flows in 2013. The unfunded balance as of December 31, 2013 was \$75,000.00 and has been provided for in its entirety in the 2014 Budget.

Note 3: INVESTMENTS

As of December 31, 2013 and 2012, the municipality held no investments.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$2,532,528.65 and \$3,390,326.70 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land Buildings & Improvements	\$ 1,168,228.03			1,168,228.03
Machinery & Equipment	1,608,948.59	1,209.97	(31,000.00)	1,579,158.56
	<u>\$ 2,777,176.62</u>	<u>1,209.97</u>	<u>(31,000.00)</u>	<u>2,747,386.59</u>
	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land Buildings & Improvements	1,168,228.03	138,205.09		1,306,433.12
Machinery & Equipment	1,579,158.56	69,963.00	(30,000.00)	1,619,121.56
	<u>\$ 2,747,386.59</u>	<u>208,168.09</u>	<u>(30,000.00)</u>	<u>2,925,554.68</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 6: SHORT-TERM OBLIGATIONS

Balance 12/31/11	Issued	Retired	Balance 12/31/12
None			None

Balance 12/31/12	Issued	Retired	Balance 12/31/13
None			None

As of December 31, 2013 the entity has authorized but not issued bonds in the amount of \$843,725.00 and \$39,789.91 in the General Capital Fund and Sewer Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ -		-	-
Utility	4,344,809.77	76,608.94	4,268,200.83	80,296.33
Total	<u>4,344,809.77</u>	<u>76,608.94</u>	<u>4,268,200.83</u>	<u>80,296.33</u>
Compensated Absences Payable	<u>15,351.00</u>	<u>976.00</u>	<u>14,375.00</u>	<u>-</u>
Total long-term liabilities	<u>\$ 4,360,160.77</u>	<u>77,584.94</u>	<u>4,282,575.83</u>	<u>80,296.33</u>

	Balance 12/31/12	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds and Loans payable:				
General	\$ -		-	-
Utility	4,268,200.83	80,296.33	4,187,904.50	84,161.93
Total	<u>4,268,200.83</u>	<u>80,296.33</u>	<u>4,187,904.50</u>	<u>84,161.93</u>
Compensated Absences Payable	<u>14,375.00</u>	<u>2,022.33</u>	<u>12,352.67</u>	<u>-</u>
Total long-term liabilities	<u>\$ 4,282,575.83</u>	<u>82,318.66</u>	<u>4,200,257.17</u>	<u>84,161.93</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 7: LONG TERM DEBT - CONTINUED

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:

None

Outstanding bonds whose principal and interest are paid from the Sewer Utility Operating Fund of the Township:

\$2,799,600.00 USDA Loans dated June 30, 1997 payable in semi - annual installments through 2037. Interest is paid semiannually at 5.00% per annum. The balance remaining as of December 31, 2013 was \$2,231,455.43.

\$2,215,000.00 Sewer Bonds dated November 26, 2003 payable in annual installments through 2043. Interest is paid semiannually at 4.375% per annum. The balance remaining as of December 31, 2013 was \$1,956,449.07.

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

Year	General Capital Fund		Sewer Utility Fund	
	Principal	Interest	Principal	Interest
2014	None	None	\$ 84,161.93	196,178.07
2015	None	None	88,214.41	192,125.59
2016	None	None	92,462.84	187,877.16
2017	None	None	96,916.73	183,423.27
2018	None	None	101,586.05	178,753.95
2019-2023	None	None	586,272.22	815,427.88
2024-2028	None	None	741,979.45	659,720.55
2029-2033	None	None	939,244.90	462,455.10
2034-2038	None	None	936,121.54	218,857.21
2039-2043	None	None	520,944.43	64,362.57
	None	None	4,187,904.50	3,159,181.35

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$0.00 and to the utility budget was \$200,043.67.

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	-	-
Sewer Utility - Bonds and Notes	4,187,904.50	4,268,200.83	4,344,809.77
Total Issued	4,187,904.50	4,268,200.83	4,344,809.77
<u>Authorized but not issued:</u>			
General - Bonds and Notes	843,725.00	464,625.00	594,625.00
Sewer Utility - Bonds and Notes	39,789.91	39,789.91	39,789.91
Total Authorized But Not Issued	883,514.91	504,414.91	634,414.91
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 5,071,419.41	4,772,615.74	4,979,224.68

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 7: 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 0.807%.

	Gross Debt	Deductions	Net Debt
Local & Regional School District Debt	\$ 4,714,114.30	4,714,114.30	-
Sewer Utility Debt	4,227,694.41	2,378,990.01	1,848,704.40
General Debt	843,725.00		843,725.00
	<u>\$ 9,785,533.71</u>	<u>7,093,104.31</u>	<u>2,692,429.40</u>

Net Debt \$2,692,429.40 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$333,512,033.33 = 0.807%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 11,672,921.17
Net Debt	2,692,429.40
Remaining Borrowing Power	<u>\$ 8,980,491.77</u>

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

	2014	2013
Current Fund	\$ 750,000.00	677,000.00
Sewer Utility	0.00	0.00

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current & Grant Fund:			
Overexpenditure of Appropriation	\$ 1,657.56	1,657.56	-
Overexpenditure of Grant	8,069.75	8,069.75	-
	<u>9,727.31</u>	<u>9,727.31</u>	<u>-</u>
Sewer Utility Fund:			
Emergency Appropriation	75,000.00	75,000.00	-
	<u>\$ 75,000.00</u>	<u>75,000.00</u>	<u>-</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$3,176,756.00 and \$3,209,576.37 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ 1,588,378.00	1,604,788.23
Deferred	1,425,000.00	1,075,000.00
Tax Payable	<u>\$ 163,378.00</u>	<u>529,788.23</u>

Regional District School Tax in the amounts of \$1,453,273.00 and \$1,530,028.44 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Regional District School Taxes have been raised resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ 726,636.70	765,014.22
Deferred	-	-
Tax Payable	<u>\$ 726,636.70</u>	<u>765,014.22</u>

Note 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/13</u>	<u>Balance 12/31/12</u>
Prepaid Taxes	\$ 69,519.26	79,800.08
Cash Liability for Taxes Collected in Advance	<u>\$ 69,519.26</u>	<u>79,800.08</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 12: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) a cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the system. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$54,870.00, \$53,388.00 and \$56,810.00.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$534,873.35, \$552,028.75 and \$540,914.87. Payroll covered by PERS was \$459,919.00, \$484,509.00 and \$420,226.00.

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) operates and to the benefit provisions of the system.

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.
- 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. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 12: PENSION FUNDS - CONTINUED

- 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).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$12,352.67 in 2013 and \$14,375.00 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 14: ECONOMIC DEPENDENCY

The Township of Hopewell is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 15: RISK MANAGEMENT

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the entity is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity’s trust fund for the previous three years:

Calendar Year	Employer Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2013	\$ -	1,162.70	127.99	-	23,468.57
2012	-	1,221.24	-	-	22,177.88
2011	\$ -	1,224.38	1.75	635.49	20,956.64

Note 16: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 17: INTERFUND BALANCES

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Township of Hopewell:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
Grant Fund	\$ 16,389.60	
Trust - Other Fund	337.23	
General Capital Fund	60,264.00	
Sewer Operating Fund	78,073.32	
Grant Fund:		
Current Fund		16,389.60
General Capital Fund	240,000.00	
Sewer Operating Fund	3,474.64	
Trust Fund:		
Current Fund		337.23
General Capital Fund:		
Grant Fund		
Current Fund		
General Capital Fund:		
Current Fund		240,000.00
Grant Fund		60,264.00
Sewer Operating:		
Current Fund		78,073.32
Grant Fund		3,474.64
Sewer Capital Fund	23,423.41	
Sewer Capital Fund:		
Sewer Operating Fund		23,423.41
	<u>\$ 421,962.20</u>	<u>421,962.20</u>

The amounts due to the Current Fund from the Grant fund is due to the fact that the Current Fund advances cash to the Grant Fund in anticipation of Grant Receivable balances being collected from the granting agency. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

Note 18: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 18, 2014, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and
Members of the Township Committee
Township of Hopewell
County of Cumberland, New Jersey

We have audited, in accordance with the 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, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Hopewell, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 18, 2014, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Hopewell prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's 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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies. These deficiencies are identified as Finding #2013-1 and #2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as Finding #2013-3.

Township's Responses to Findings

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 18, 2014

TOWNSHIP OF HOPEWELL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **YES**

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed three findings relating to the financial statements that are required to be reported. These findings are listed in the Findings and Recommendations. We have also issued a Management Letter.

MANAGEMENT RESPONSES

- Finding #2013-1 The CFO will attempt to maintain the General Ledger.
- Finding #2013-2 The Dog Licenses Fund will be administered properly in the future.
- Finding #2013-3 Expenditure will not be incurred unless adequate Budget Appropriation exists.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-1, 2013-2 and 2013-3 are repeated from 2012.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 3,083,858.46	36,746.41
Increased by Receipts:		
Tax Collector	8,377,050.26	
Revenue Accounts Receivable	537,295.83	
Miscellaneous Revenue	123,843.09	
Due from State of NJ - Seniors & Vets	60,621.92	
Due from State of NJ - Homestead Rebates	266,249.30	
Payroll Payable	631,239.04	
Matching Funds for Grants		28,712.13
Due from Current Fund		104,571.68
Federal and State Unappropriated		13,011.64
	9,996,299.44	146,295.45
	13,080,157.90	183,041.86
Decreased by Disbursements:		
Current Year Appropriation	1,234,555.49	
Prior Year Appropriations	74,389.36	
Accounts Payable	29,937.00	
County Taxes	3,459,744.53	
Local District School Taxes	3,193,166.23	
Regional School Taxes	1,491,650.52	
Due to State of NJ - Marriage Licenses	250.00	
Return of Performance Bond	100,000.00	
Payroll Payable	631,239.04	
Due to Trust Other Funds	146.64	
Due to General Capital Fund	594,598.92	
Due to Federal & State Grant Fund	104,571.68	
Matching Funds for Grants	28,712.13	
Due from Sewer Operating Fund	6,759.21	
Overexpenditure of Grant Appropriation		8,069.75
Federal and State Disbursements		115,781.54
	10,949,720.75	123,851.29
Balance December 31, 2013	\$ <u>2,130,437.15</u>	<u>59,190.57</u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2012		\$ 20,259.05
Increased by Receipts:		
Prepaid Taxes	69,519.26	
Taxes Receivable	8,233,075.42	
Revenue Accounts Receivable	71,221.63	
Tax Title and Other Liens	3,233.95	
	<hr/>	<hr/>
		8,377,050.26
		8,397,309.31
Payments to Treasurer		<hr/>
		8,377,050.26
		<hr/>
		\$ 20,259.05

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2012	Current Year Levy	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
			2012	2013				
Arrears \$	-						(14,712.98)	14,712.98
2012	436,824.00	7,750.00	7,750.00	418,881.40		10,979.62	14,712.98	(0.00)
	436,824.00	-	7,750.00	418,881.40	-	10,979.62	-	14,712.98
2013	8,598,618.84	14,428.13	79,800.08	8,156,807.04	4,965.52	17,165.39		354,308.94
\$	436,824.00	8,598,618.84	22,178.13	8,575,688.44	4,965.52	28,145.01	-	369,021.92
				8,233,075.42				
				3,240.43				
				266,249.30				
				73,123.29				
				<u>8,575,688.44</u>				
<u>Analysis of Current Year Tax Levy</u>								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
				8,598,618.84				
				14,428.13				
				<u>8,613,046.97</u>				
Tax Levy:								
General County Taxes								
County Open Space Taxes								
County Health Taxes								
County Added and Omitted Taxes								
Total County Taxes								
				3,172,502.09				
				34,421.46				
				161,660.06				
				<u>5,637.15</u>				
				3,374,220.76				
Local School District Tax								
Regional School District Tax								
				3,176,756.00				
				1,453,273.00				
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
				593,364.47				
				<u>15,432.74</u>				
				608,797.21				
				<u>8,613,046.97</u>				

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$ 43,569.42
Increased by:		
Transfers from Taxes Receivable	28,145.01	
Interest and Costs Accrued by Tax Sale	1,194.53	
	<hr/>	<hr/>
		29,339.54
		72,908.96
Decreased by:		
Collections	3,233.95	
	<hr/>	<hr/>
		3,233.95
Balance December 31, 2013		\$ <u><u>69,675.01</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Interest and Costs on Taxes	\$	66,147.31	66,147.31		-
Interest Earned on Investments		19,697.31	3,791.17	15,906.14	-
Payments in Lieu of Taxes - Hopewell Place		107,400.00		107,400.00	-
Rent of Municipal Property		34,020.00		34,020.00	-
Consolidated Municipal Property Tax Relief		20,898.00		20,898.00	-
Energy Receipts Tax		280,046.00		280,046.00	-
Uniform Construction Code Fees		32,653.00		32,653.00	-
Interlocal Agreement - Senior Center		26,761.97		26,761.97	-
Interlocal Agreement - Convenience Center		13,411.36		13,411.36	-
Uniform Fire Safety		6,199.36		6,199.36	-
Tax Abatement Program		1,283.15	1,283.15		-
Miscellaneous Revenue Not Anticipated		123,843.09		123,843.09	-
	\$	<u>732,360.55</u>	<u>71,221.63</u>	<u>661,138.92</u>	<u>-</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:				
Administrative and Executive				
Salaries and Wages	\$ 13,159.73	10,159.73		10,159.73
Other Expenses	638.68	638.68	252.00	386.68
Financial Administration				
Other Expenses:				
Miscellaneous Other Expenses	22.69	3,022.69	3,003.23	19.46
Annual Audit	500.00	500.00		500.00
Assessment of Taxes				
Salaries and Wages	9.25	9.25		9.25
Other Expenses:				
Miscellaneous Other Expenses	49.95	49.95		49.95
Tax Map	0.08	0.08		0.08
Computer Services	450.00	450.00		450.00
Collection of Taxes				
Salaries and Wages	23.07	23.07		23.07
Other Expenses:				
Liquidation of Tax Title Liens	500.00	500.00		500.00
Computer Supplies	28.18	28.18		28.18
Legal Services and Costs				
Other Expenses	10,067.12	10,067.12	31.25	10,035.87
Engineering Services and Costs				
Other Expenses	14,904.19	14,904.19	6,579.35	8,324.84
Western Cumberland County Economic Develop. Corp.				
Economic Development Committee	6,504.01	6,504.01	4,500.00	2,004.01
LAND USE ADMINISTRATION:				
Zoning Board of Adjustment				
Other Expenses	14.96	14.96		14.96

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
CODE ENFORCEMENT AND ADMINISTRATION:				
Code Official	148.12	148.12		148.12
Salaries and Wages				
PUBLIC SAFETY:				
Emergency Management Services				
Other Expenses	0.67	0.67		0.67
Fire				
Other Expenses	903.91	903.91	60.00	843.91
Uniform Fire Safety Act				
Other Expenses	800.00	800.00		800.00
PUBLIC WORKS FUNCTIONS:				
Road Repairs and Maintenance				
Salaries and Wages	7,080.66	7,080.66		7,080.66
Other Expenses	11,283.92	11,283.92	1,686.00	9,597.92
Public Building and Grounds				
Other Expenses	2,653.84	2,653.84		2,653.84
HEALTH AND WELFARE:				
Environmental Commission				
Other Expenses	450.50	450.50	450.00	0.50
Dog Regulation				
Other Expenses	131.50	131.50	100.00	31.50
RECREATION AND EDUCATION:				
Recreation				
Bostwick Lake Commission				
UTILITY EXPENSES:				
Electricity	3,706.98	3,706.98		3,706.98
Street Lighting	1,236.37	1,236.37		1,236.37
Telephone	1,435.54	1,435.54	947.30	488.24
Fuel Oil	1,303.30	1,303.30		1,303.30
Sewer	150.00	150.00		150.00
Gasoline	953.81	953.81	801.65	152.16

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
INSURANCE:				
Liability Insurance	781.48	781.48		781.48
State Disability Compensation Insurance	124.03	124.03		124.03
SANITATION:				
Convenience Center				
Other Expenses	11,598.50	11,598.50	11,015.58	582.92
Sanitary Landfill Facility Number 0607A Post-Closure Care	2,225.00	2,225.00		2,225.00
UNIFORM CONSTRUCTION CODE:				
Construction Official				
Salaries and Wages	339.06	339.06		339.06
Other Expenses	18.63	18.63		18.63
UNCLASSIFIED:				
Salary Adjustments	1,433.08	1,433.08		1,433.08
STATUTORY EXPENDITURES:				
Social Security System	1,387.08	1,387.08		1,387.08
OPERATIONS EXCLUDED FROM "CAPS"				
Employee Group Health	1,328.03	1,328.03		1,328.03
Convenience Center				
Salary and Wages	15.78	15.78		15.78
Municipal Court				
Contracted Services	585.31	585.31		585.31
Senior Center Interlocal Agreement				
Salary and Wages	8.52	8.52		8.52
Other Expenses	5.49	5.49		5.49
Capital Improvements				
Dump Truck	45,000.00	45,000.00	44,963.00	37.00
	<u>\$ 146,961.02</u>	<u>146,961.02</u>	<u>74,389.36</u>	<u>72,571.66</u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2012			
School Tax Payable	\$	529,788.23	
School Tax Deferred		<u>1,075,000.00</u>	
			\$ 1,604,788.23
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>3,176,756.00</u>
			4,781,544.23
Decreased by:			
Payments			<u>3,193,166.23</u>
Balance December 31, 2013			
School Tax Payable		163,378.00	
School Tax Deferred		<u>1,425,000.00</u>	
			<u>1,588,378.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			3,193,166.23
Tax Payable Ending			<u>163,378.00</u>
			3,356,544.23
Less: Tax Payable Beginning			<u>529,788.23</u>
Amount charged to Current Year Operations			<u>\$ 2,826,756.00</u>

**CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

Balance December 31, 2012		
School Tax Payable	\$ 765,014.22	
School Tax Deferred		
		\$ 765,014.22
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>1,453,273.00</u>
		2,218,287.22
Decreased by:		
Payments		<u>1,491,650.52</u>
Balance December 31, 2013		
School Tax Payable	726,636.70	
School Tax Deferred		
		<u>726,636.70</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		1,491,650.52
Tax Payable Ending		<u>726,636.70</u>
		2,218,287.22
Less: Tax Payable Beginning		<u>765,014.22</u>
Amount charged to Current Year Operations		<u><u>\$ 1,453,273.00</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Small Cities - 2011 Housing Rehabilitation	\$ 62,871.00				62,871.00
Small Cities - 2013 Sidewalks		187,121.29			187,121.29
Total Federal	<u>62,871.00</u>	<u>187,121.29</u>	<u>-</u>	<u>-</u>	<u>249,992.29</u>
STATE GRANTS:					
NJ Transportation Trust Fund Auth Act of 1984:					
DOT - Peachtree Lane	50,212.53				50,212.53
DOT - Crest & Apple Tree	21,257.41				21,257.41
DCA Smart Future Planning TDR	20,000.00				20,000.00
Division of Fire Safety	2,956.15				2,956.15
Total State	<u>94,426.09</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,426.09</u>
	<u>\$ 157,297.09</u>	<u>187,121.29</u>	<u>-</u>	<u>-</u>	<u>344,418.38</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013		Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	
FEDERAL GRANTS:					
Homeland Security - Firefighters - Grant	\$ 54.65				54.65
Small Cities	20,572.78			(26,224.98)	46,797.76
Small Cities - 2011 - Housing Rehabilitation	49,686.41			1,800.00	47,886.41
Small Cities - Senior Citizen Center - Grant	89.24				89.24
Total Federal	70,403.08	-	-	(24,424.98)	94,828.06
STATE GRANTS:					
NJ Transportation Trust Fund Auth Act of 1984:					
DOT - Peachtree Lane	34,936.02				34,936.02
DOT - Crest & Apple Tree	39,284.78				39,284.78
Clean Communities	3,004.49		10,669.69	12,774.18	900.00
Alcohol Education & Rehabilitation	46.41				46.41
Division of Fire Safety	1,905.19				1,905.19
Stormwater Management	113.83				113.83
State & Local All Hazards	2,405.72				2,405.72
DCA TDR Match	223,928.03		10,000.00	7,179.07	218,338.96
Liveable Communities - Firehouse - Grant	9,685.42			9,645.60	39.82
Planning Incentive Grant	38,390.09				38,390.09
Planning Incentive Grant - Match	99,482.38				99,482.38
Small Cities - 2013 - Sidewalks			205,833.42	110,607.67	95,225.75
Total State	453,182.36	-	226,503.11	140,206.52	530,168.95
	523,585.44	-	226,503.11	115,781.54	624,997.01

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2013</u>
STATE GRANTS:				
Clean Communities	\$ 2,006.85	10,669.69	10,669.69	2,006.85
Alcohol Education and Rehabilitation	107.93			107.93
Recycling Tonnage			2,341.95	2,341.95
 Total State	 \$ 2,114.78	 10,669.69	 13,011.64	 4,456.73

**TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2012		\$	751.34
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	5,535.40		
Due to State of NJ	930.60		
	6,466.00		6,466.00
			7,217.34
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	6,168.86		
Due to State of New Jersey	909.00		
Due to Current Fund	7,077.86		7,077.86
Balance December 31, 2013		\$	139.48

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2012		\$ 155,359.36
Increased by:		
Cash Receipts for:		
Current Fund Interfund	337.23	
Other Reserves:		
Interest on Investments	809.53	
Employee Withholdings	1,162.70	
Other Receipts	314,158.24	
	<hr/>	<hr/> 316,467.70
		471,827.06
Decreased by:		
Cash Disbursed for:		
Current Fund Interfund	190.59	
Other Reserves	278,102.45	
	<hr/>	<hr/> 278,293.04
Balance December 31, 2013		\$ <u><u>193,534.02</u></u>

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2012	\$	761.14
Increased by:		
Dog License - Cash Receipts		4,724.40
Late Fees & Re-Issue Fees Collected		811.00
		5,535.40
		6,296.54
Decreased by:		
Cash Disbursed		6,168.86
		6,168.86
Balance December 31, 2013	\$	127.68

Fess Collected		2012	3,259.41
		2011	6,792.55
			10,051.96
			10,051.96

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2012		\$	(9.80)
Increased by:			
Cash Receipts	930.60		
	930.60		930.60
			920.80
Decreased by:			
Cash Disbursed	909.00		
	909.00		909.00
Balance December 31, 2013		\$	11.80

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2012	Interest on Investments	Employee Withholdings	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2013
Unemployment Compensation	\$ 22,177.88	127.99	1,162.70			23,468.57
Sanitary Landfill	41,776.72	314.49				42,091.21
Developers Escrow	26,168.72	131.98		17,441.98	20,126.60	23,616.08
COAH Fees	37,066.73	235.07				37,301.80
Tax Sale Premiums	27,000.00			69,600.00	43,500.00	53,100.00
Redemption of Tax Sale Certificates	978.72			227,116.26	214,475.85	13,619.13
	<u>\$ 155,168.77</u>	<u>809.53</u>	<u>1,162.70</u>	<u>314,158.24</u>	<u>278,102.45</u>	<u>193,196.79</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2012		\$ 21,740.86
Increased by:		
Due to Current Fund	594,616.23	
		594,616.23
		616,357.09
Decreased by:		
Improvement Authorizations	606,364.42	
Due to Current Fund	17.31	
		606,381.73
Balance December 31, 2013		\$ <u>9,975.36</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Balance Dec. 31, 2013
		Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	
				From	To	
Capital Improvement Fund	\$ 374,855.89					345,955.89
Due to Grant Fund	240,000.00			28,900.00		240,000.00
Due to Current Fund	(364,334.92)	594,616.23		170,000.00		60,264.00
<u>Improvement Authorizations:</u>						
225 Closure of Landfill	1,604.99					1,604.99
02-05 Purchase and Construction of Salt/Sand Building	3,121.00					3,121.00
02-05 Purchase and Installation of Replacement Air Conditioning System	1,240.00					1,240.00
02-08 Reconstruction of Bostwick Lake Dam	20,000.00					20,000.00
03-03 Utility Installation at Business Park	3,582.69					3,582.69
04-04 Purchase of Land	56,325.00					56,325.00
06-05 Senior Center	36,360.52		29,109.93		130,000.00	7,250.59
08-07 Purchase of Fire Truck	(247,893.79)				40,000.00	(117,893.79)
09-01 Purchase of Land & Improvements	(103,120.52)		577,254.49		28,900.00	(63,120.52)
13-01 Purchase of Land						(548,354.49)
	\$ 21,740.86	594,616.23	606,364.42	198,900.00	198,900.00	9,975.36

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2012		\$ 374,855.89
Increased by:		
None		-
		374,855.89
Decreased by:		
Appropriated to Fund Improvement Authorization	28,900.00	
		28,900.00
Balance December 31, 2013		\$ <u><u>345,955.89</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations			Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
225	Closure of Landfill	7/26/1989	450,000	\$ 1,604.99	100,000.00				1,604.99	100,000.00
02-05	Purchase and Construction of Salt/Sand Building	7/24/2002	25,000	3,121.00					3,121.00	
02-05	Purchase and Installation of Replacement Air Conditioning System	7/24/2002	10,000	1,240.00					1,240.00	
02-08	Reconstruction of Bostwick Lake Dam	12/30/2002	70,000	20,000.00					20,000.00	
03-03	Utility Installation at Business Park	6/11/2003	27,000	3,582.69					3,582.69	
04-04	Purchase of Land	6/9/2005	500,000	56,325.00					56,325.00	
06-05	Senior Center	2006	325,000	36,360.52				29,109.93	7,250.59	
08-07	Purchase of Fire Truck	10/8/2009	460,000		9,106.21					9,106.21
09-01	Purchase of Land and Improvements	2/25/2011	197,500		4,504.48					4,504.48
13-01	Purchase of Land	2/14/2013	578,000			28,900.00		577,254.49		745.51
				\$ 122,234.20	113,610.69	28,900.00	549,100.00	606,364.42	93,124.27	114,356.20

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Other	Balance Dec. 31, 2013
225	Closure of Landfill	\$ 100,000.00			100,000.00
08-07	Purchase of Fire Truck	257,000.00		130,000.00	127,000.00
09-01	Purchase of Land and Improvements	107,625.00		40,000.00	67,625.00
13-01	Purchase of Land		549,100.00		549,100.00
		<u>\$ 464,625.00</u>	<u>549,100.00</u>	<u>170,000.00</u>	<u>843,725.00</u>

**SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
	\$	\$
Balance December 31, 2012	70,118.61	35,958.46
Increased by Receipts:		
Water & Sewer Accounts Receivable	604,888.79	
Miscellaneous Revenue Anticipated	17,435.22	
Miscellaneous Revenue Not Anticipated	7,261.54	
Prepaid Sewer Rents	3,240.26	
Due to Current Fund	12,481.38	
Due to Sewer Operating Fund	24.47	227.87
Due from Sewer Capital Fund		227.87
	<u>645,331.66</u>	<u>227.87</u>
	715,450.27	36,186.33
Decreased by Disbursements:		
Current Year Appropriation	499,069.81	
Prior Year Appropriations	-	
Accrued Interest on Bonds	200,043.67	
Due to Current Fund	5,722.17	
Due from Sewer Capital Fund	227.87	
Due to Sewer Utility Operating Fund		24.47
	<u>705,063.52</u>	<u>24.47</u>
Balance December 31, 2013	\$ <u><u>10,386.75</u></u>	\$ <u><u>36,161.86</u></u>

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance	Receipts		Disbursements		Balance
	Dec. 31, 2012	Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	Dec. 31, 2013
Due to Sewer Operating Fund	\$ 23,220.01		227.87		24.47	23,423.41
Fund Balance	12,738.45					12,738.45
<u>Improvement Authorizations:</u>						
96-3 Sewer Construction	-					-
	\$ 35,958.46	-	227.87	-	24.47	36,161.86

**SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2012		\$	66,323.59
Increased by Receipts:			
Consumer Accounts Charges and Levies	613,020.46		
			613,020.46
			679,344.05
Decreased by Disbursements:			
Collections	604,888.79		
Prepayments & Overpayments Applied	2,126.20		
			607,014.99
Balance December 31, 2013		\$	72,329.06

**SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 5,278.60	5,278.60		5,278.60
Other Expenses	1,681.65	1,681.65		1,681.65
Other Expenses - Insurance	148.00	148.00		148.00
	<u>7,108.25</u>	<u>7,108.25</u>	<u>-</u>	<u>7,108.25</u>

**SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2012		\$	8,340.00
Increased by:			
Budget Appropriations	200,023.67		
	200,023.67		200,023.67
			208,363.67
Decreased By:			
Payments of Debt Service Interest			200,043.67
			200,043.67
Balance December 31, 2013		\$	8,320.00

Analysis of Accrued Interest December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
2,231,455.43	5.00%	12/31/2013	12/31/2013	-	\$ -
1,956,449.07	4.38%	11/26/2013	12/31/2013	35	8,320.00
					\$ 8,320.00
					8,320.00

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded		Funded	Unfunded
96-3	Sewer Construction	2/28/1996	4,750,000 \$		39,789.91		-	39,789.91
			\$	-	39,789.91		-	39,789.91

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Sewer Construction	6/30/1997	\$ 2,799,600	1	1	5.000%	\$ 2,280,578.95	49,123.52	2,231,455.43
Sewer Construction	11/26/2003	\$ 2,215,000	2	2	4.375%	1,987,621.88	31,172.81	1,956,449.07
						<u>\$ 4,268,200.83</u>	<u>80,296.33</u>	<u>4,187,904.50</u>

1 \$81,273 Semi-annual payments to June 30, 2037 for Principal and Interest.

2 \$58,897 Semi-annual payments to November 26, 2043 for Principal and Interest.

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Balance Dec. 31, 2013
96-3	Sewer Construction	\$ 39,789.91			39,789.91
		<u>\$ 39,789.91</u>	<u>-</u>	<u>-</u>	<u>39,789.91</u>

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TOWNSHIP OF HOPEWELL

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2013

TOWNSHIP OF HOPEWELL

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent 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 of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The bid threshold is \$17,500.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

Furnishing & Installation of Standby Generator for the West Cumberland Regional Senior Center
Construction of Pedestrian Sidewalks

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Township Committee of the Township of Hopewell, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Hopewell, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Township Committee of the Township of Hopewell, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2012 This Resolution shall take effect January 1, 2013.

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

TOWNSHIP OF HOPEWELL

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The tax sale was held on April 10, 2013 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

Year	Number
2013	18
2012	15
2011	19

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as current payments, was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 and 2014 Taxes	5
Delinquent Taxes	5
Payment of Sewer Rents	5
Delinquent Sewer Rents	5
Total	<u>20</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

TOWNSHIP OF HOPEWELL

GENERAL COMMENTS (Continued)

Comparison of Tax Levies and Collections 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>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$ 8,613,046.97	8,236,607.12	95.63%
2012	8,810,266.15	8,362,371.44	94.92%
2011	9,014,707.63	8,600,087.80	95.40%

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
Tax Rate	\$ 3.479	3.612	3.802	
Apportionment of Tax Rate:				
Municipal	0.241	0.240	0.217	
County	1.364	1.374	1.429	
Regional School	0.588	0.645	0.735	
Local School	1.286	1.353	1.421	

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 69,675.01	369,021.92	438,696.93	5.09%
2012	43,569.42	436,824.00	480,393.42	5.45%
2011	46,092.48	392,376.32	438,468.80	4.86%

TOWNSHIP OF HOPEWELL

FINDINGS AND RECOMMENDATIONS

Finding #2013-1:***

The General Ledger was not complete.

Criteria:

The Treasurer is responsible for correctly posting all required transactions and journal entries to the General Ledger in accordance with NJAC 5:30-5.7.

Condition:

The General Ledger did not contain all of the required entries.

Context:

Although the General Ledger did not contain all of the required entries, the subsidiary ledgers for Revenue, Appropriations and Tax Activity and Balances, as well as the Cash Reconciliations, were accurate and reliable enabling the production of the Financial Statements.

Cause:

The Township CFO has limited time resources and the General Ledger is not a top priority.

Effect:

Not utilizing the General Ledger fully could possibly cause a material misstatement to occur in financial reporting.

Recommendation:

That the Township fully utilize the general ledger to record all transactions and entries and that the general ledger be properly closed at year-end.

Finding #2013-2:***

The transactions and record keeping in the Dog Trust Fund Account were not properly handled.

Criteria:

The Dog Trust Fund Account should be maintained in accordance with the requirements established by NJ Statute, NJ Administrative Code and Township Policy.

Condition:

Deposits amounts did not always agree with the computer receipts records.
Late fees were overridden without documentation.

Context:

In total eight months of deposits did not agree with the computerized receipts record and were \$45.00 short for the year.

Cause:

Unknown.

Effect:

The Dog Trust Fund Account was not maintained in accordance with the requirements established by NJ Statute, NJ Administrative Code and Township Policy.

Recommendation:

That the Dog Trust Fund Account be maintained in accordance with the requirements established by NJ Statute, NJ Administrative Code and Township Policy.

TOWNSHIP OF HOPEWELL

FINDINGS AND RECOMMENDATIONS (Continued)

Finding #2013-3:***

One Grant Appropriation Line Items was overexpended.

Criteria:

NJSA 40A:4-87, the "Local Budget Law" requires that no expenditures be made without sufficient appropriation.

Condition:

One Grant Appropriation Line Items was overexpended.

Context:

The Overexpenditure totaled \$8,069.75.

Cause:

Both line items were related to the municipal court which, as anticipated, ceased operations during 2012, however final costs were ultimately greater than budgeted.

Effect:

The Overexpenditures have been be raised in the Township's 2014 Budget.

Recommendation:

That no expenditures be authorized unless sufficient appropriation exists.

In accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Township in response to my recommendations.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 18, 2014

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