

**TOWNSHIP OF HOPEWELL**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2014**



**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, 2014 and 2013, 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, 2014, 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, 2014 and 2013 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, 2014 and 2013, 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, 2014 and 2013 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 June 30, 2015 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**

**June 30, 2015**

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**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,507,289.11	2,130,437.15
Cash - Collector	20,259.05	20,259.05
Cash - Change	505.00	505.00
Total Cash	2,528,053.16	2,151,201.20
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	6,141.10	3,873.29
Total Other Receivables	6,141.10	3,873.29
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	366,346.79	369,021.92
Tax Title and Other Liens	94,098.06	69,675.01
Property Acquired for Taxes - at Assessed Valuation	134,700.00	134,700.00
Interfund Receivable:		
Due from Sewer Operating Fund	127,417.68	78,073.32
Due from Trust Fund - Other	699.34	337.23
Due from General Capital Fund	-	60,264.00
Due from Grant Fund	-	16,389.60
Total Receivables and Other Assets	723,261.87	728,461.08
Deferred Charges:		
Overexpenditure of Appropriation	-	1,657.56
Total Deferred Charges	-	1,657.56
Total Regular Fund	3,257,456.13	2,885,193.13
Federal and State Grant Fund:		
Cash	59,107.24	59,190.57
Deferred Charges:		
Overexpenditure of Grant Appropriation	-	8,069.75
Federal and State Grants Receivable	469,072.38	344,418.38
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	210,135.18	
Total Federal and State Grant Fund	981,789.44	655,153.34
Total Current Fund	\$ 4,239,245.57	3,540,346.47

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>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 158,804.59	251,756.47
Reserve for Encumbrances	44,884.13	22,678.26
Accounts Payable	716.31	716.31
Prepaid Taxes	84,159.79	69,519.26
Overpaid Taxes	5,645.94	7,376.62
Local School Tax Payable	225,880.50	163,378.00
Regional School Tax Payable	827,632.41	726,636.70
County Added Tax Payable	1,837.50	5,637.15
Interfund Payable:		
Due to Sewer Capital	49,184.89	-
Due to Grant Fund	210,135.18	-
Due to General Capital	114,820.62	
Other		
Reserve for Performance Bond	9,049.20	-
	1,732,751.06	1,247,698.77
Reserve for Receivables and Other Assets	723,261.87	728,461.08
Fund Balance	801,443.20	909,033.28
Total Regular Fund	3,257,456.13	2,885,193.13
Federal and State Grant Fund:		
Unappropriated Reserves	132,839.63	4,456.73
Appropriated Reserves	794,930.47	624,997.01
Encumbrances Payable	54,019.34	9,310.00
Due to Current Fund	-	16,389.60
	981,789.44	655,153.34
Total Federal and State Grant Fund	981,789.44	655,153.34
Total Current Fund	\$ 4,239,245.57	3,540,346.47

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,**

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 750,000.00	677,000.00
Miscellaneous Revenue Anticipated	865,520.72	811,478.44
Receipts from Delinquent Taxes	357,374.79	422,115.35
Receipts from Current Taxes	8,701,988.24	8,236,607.12
Non Budget Revenue	192,336.28	123,843.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	195,270.60	72,571.66
Interfunds Returned	26,947.13	-
Total Income	11,089,437.76	10,343,615.66
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	525,750.00	526,825.00
Other Expenses	737,080.00	742,510.00
Deferred Charges & Statutory Expenditures	175,491.58	113,305.22
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	17,750.00	8,750.00
Other Expenses	352,123.44	264,103.11
Capital Improvements	5,000.00	80,000.00
Deferred Charges	170,000.00	170,000.00
Local District School Tax	3,301,761.00	2,826,756.00
Regional District School Tax	1,655,263.00	1,453,273.00
County Tax	3,504,971.32	3,368,583.61
County Share of Added Tax	1,837.50	5,637.15
Refund of Prior Year's Revenue	-	7,750.00
Interfund Created		83,559.45
Total Expenditures	10,447,027.84	9,651,052.54
Excess/(Deficit) in Revenue	\$ 642,409.92	692,563.12

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,**

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	\$ -	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	642,409.92	692,563.12
Fund Balance January 1	909,033.28	893,470.16
	1,551,443.20	1,586,033.28
Decreased by:		
Utilization as Anticipated Revenue	750,000.00	677,000.00
Fund Balance December 31	\$ 801,443.20	909,033.28

See accompanying Notes to Financial Statements - Regulatory Basis



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Fund Balance Anticipated	\$ 750,000.00		750,000.00	-
Total Fund Balance Anticipated	<u>750,000.00</u>	-	<u>750,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Alcohol Beverage Licenses	2,500.00		2,500.00	-
Interest and Costs on Taxes	65,000.00		64,054.42	(945.58)
Interest Earned on Investments	19,000.00		12,735.49	(6,264.51)
Payments in Lieu of Taxes - Hopewell Place	105,000.00		112,700.00	7,700.00
Rent of Municipal Property	14,400.00		15,730.00	1,330.00
Total Section A: Local Revenues	<u>205,900.00</u>	-	<u>207,719.91</u>	<u>1,819.91</u>
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	25,530.00		25,530.00	-
Energy Receipts Tax	275,414.00		275,414.00	-
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	30,000.00		37,443.00	7,443.00
Total Section C: Uniform Construction Code Fees	<u>30,000.00</u>	-	<u>37,443.00</u>	<u>7,443.00</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		13,278.85	(2,471.15)
Interlocal Agreement with Greenwich Township Convenience Center	9,000.00		8,226.16	(773.84)
Total Section D: Special Items - Interlocal Service Agreements	<u>24,750.00</u>	-	<u>21,505.01</u>	<u>(3,244.99)</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Small Cities Grant	274,199.00		274,199.00	-
Clean Communities Grant		12,014.56	12,014.56	-
Recycling Tonnage Grant	2,341.95		2,341.95	
Alcohol Education and Rehabilitation Fund	107.93		107.93	
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>276,648.88</b>	<b>12,014.56</b>	<b>288,663.44</b>	<b>-</b>
Section G: Other Special Items				
Uniform Fire Safety	2,000.00		4,075.36	2,075.36
<b>Total Section G: Other Special Items</b>	<b>2,000.00</b>	<b>-</b>	<b>4,075.36</b>	<b>2,075.36</b>
<b>Total Miscellaneous Revenues:</b>	<b>845,412.88</b>	<b>12,014.56</b>	<b>865,520.72</b>	<b>8,093.28</b>
Receipts from Delinquent Taxes	370,000.00		357,374.79	(12,625.21)
Amount to be Raised by Taxes for Support of Municipal Budget	610,842.24		802,165.35	191,323.11
Local Tax for Municipal Purposes	610,842.24		802,165.35	191,323.11
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>610,842.24</b>	<b>-</b>	<b>802,165.35</b>	<b>191,323.11</b>
<b>Budget Totals</b>	<b>2,576,255.12</b>	<b>12,014.56</b>	<b>2,775,060.86</b>	<b>186,791.18</b>
<b>Non- Budget Revenues:</b>				
<b>Other Non- Budget Revenues:</b>			<b>192,336.28</b>	<b>192,336.28</b>
	<b>2,576,255.12</b>	<b>12,014.56</b>	<b>2,967,397.14</b>	<b>379,127.46</b>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	8,701,988.24
Net Revenue from Collections	8,701,988.24
Allocated to:	
School, County and Other Taxes	<u>8,463,832.82</u>
Balance for Support of Municipal Budget Appropriations	238,155.42
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>564,009.93</u>
Amount for Support of Municipal Budget Appropriations	<u><u>802,165.35</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	350,146.60
Tax Title Lien Collections	<u>7,228.19</u>

Total Receipts from Delinquent Taxes

357,374.79

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Clerk Fees	1,401.56
Planning & Zoning	3,543.32
200 Foot List	70.00
Cable Franchise Fee	20,336.01
Shared Services - Construction Code	5,000.00
Code Compliance Letters	1,375.00
Stow Creek - Fire Department	12,743.78
Municipal Court	8,988.94
Senior & Vets Admin Fees	1,329.23
FEMA - 2012 Storm	1,350.00
Recycling	12,111.78
Reimbursements	20,249.19
Assessor Office Rental	1,437.50
Shiloh-Shared Services	5,370.47
Landfill	8,257.60
Land sale-Mary Elmer Fire	55,825.62
Mowing	1,800.00
Tahoe Truck Donation	4,000.00
Farmland Lease	21,560.80
Street Opening Permits	2,525.00
Miscellaneous	<u>3,060.48</u>

Total Miscellaneous Revenue Not Anticipated:

192,336.28

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Administrative and Executive						
Salaries and Wages	\$ 155,000.00	155,000.00	135,073.32		19,926.68	
Other Expenses	31,000.00	34,000.00	33,292.26	571.08	136.66	
Financial Administration						
Salaries and Wages	62,450.00	62,450.00	62,424.00		26.00	
Other Expenses:						
Miscellaneous Other Expenses	11,000.00	11,000.00	9,683.83	948.75	367.42	
Annual Audit	28,000.00	28,000.00	28,000.00		-	
Collection of Taxes						
Salaries and Wages	28,825.00	28,825.00	28,743.09		81.91	
Other Expenses:						
Liquidation of Tax Liens	1,000.00	1,000.00	723.48		276.52	
Miscellaneous Other Expenses	4,500.00	4,500.00	4,062.92		437.08	
Computer Supplies	5,000.00	5,000.00	2,827.70	165.75	2,006.55	
Tax Assessment Administration						
Salaries and Wages	34,200.00	34,200.00	34,177.93		22.07	
Other Expenses:						
Miscellaneous Other Expenses	8,000.00	7,500.00	6,092.80	171.36	1,235.84	
Maintenance of Tax Map	4,000.00	4,500.00	3,723.70		776.30	
Computer Services	4,000.00	4,000.00	3,386.12		613.88	
Legal Services						
Salaries and Wages	12,100.00	12,100.00	12,100.00		-	
Other Expenses	45,000.00	37,000.00	29,288.21		7,711.79	
Engineer Services & Costs						
Other Expenses	35,000.00	31,300.00	24,781.83	603.58	5,914.59	
Western Cumberland County Economic Develop. Corp.						
Other Expenses	9,000.00	9,000.00	8,970.00		30.00	
Economic Development Committee	17,000.00	17,000.00	4,827.48	12,000.00	172.52	
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	8,100.00	9,800.00	8,412.73		1,387.27	
Other Expenses	1,250.00	1,250.00	1,201.52	48.48	-	
Zoning Board of Adjustment						
Salaries and Wages	17,000.00	19,000.00	18,912.73		87.27	
Other Expenses	700.00	700.00	280.16	75.00	344.84	
Code Enforcement						
Salaries and Wages	3,400.00	3,400.00	2,553.49		846.51	

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Insurance							
General Liability	66,000.00	66,000.00	65,394.23			605.77	
Disability	500.00	500.00	355.19		18.37	126.44	
Employee Group Insurance	19,610.00	17,610.00	9,300.06			8,309.94	
PUBLIC SAFETY							
Office of Emergency Management							
Salaries and Wages	4,450.00	4,450.00	3,800.00			650.00	
Other Expenses	2,500.00	2,500.00	2,472.34			27.66	
Ambulance Service Contribution							
Other Expenses	33,960.00	33,960.00	33,960.00			-	
Fire							
Other Expenses	56,500.00	56,500.00	52,832.98		2,980.06	686.96	
Uniform Fire Safety Act							
Salaries and Wages	3,400.00	3,400.00	3,400.00			-	
Other Expenses	500.00	500.00				500.00	
Demolition of Public Property							
STREETS AND ROADS							
Streets and Road Maintenance							
Salaries and Wages	91,000.00	91,000.00	81,838.27			9,161.73	
Other Expenses	36,000.00	53,110.00	39,730.87		11,132.90	2,246.23	
Public Building and Grounds							
Other Expenses	16,000.00	18,000.00	15,861.69		773.66	1,364.65	
HEALTH AND WELFARE							
Animal Control Services							
Other Expenses	12,000.00	12,000.00	7,118.06		1,700.00	3,181.94	
Environmental Commission							
Other Expenses	750.00	750.00	315.20			434.80	
RECREATION AND EDUCATION							
Recreation Services and Programs							
Other Expenses	2,000.00	2,000.00	1,000.00			1,000.00	
Bostwik Lake Commission	3,000.00	3,000.00	3,000.00			-	
Senior Citizen Center							
Salaries and Wages	13,750.00	13,750.00	13,240.24			509.76	
Other Expenses	10,500.00	10,500.00	6,146.53		635.80	3,717.67	

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	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	37,100.00	37,100.00	33,225.03		3,874.97	
Salaries and Wages			2,263.65		236.35	
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	8,360.00		3,140.00	
Salaries and Wages						
Fire Code Official	3,675.00	3,675.00	3,600.00		75.00	
Salaries and Wages						
Unclassified:						
Sanitation:						
Convenience Center	32,000.00	32,000.00	32,000.00		-	
Salaries and Wages						
Other Expenses	170,000.00	164,000.00	108,736.28	8,644.97	46,618.75	
Sanitary Landfill Facility No. 0607A Post-Closure Care	8,000.00	8,000.00	7,562.20		437.80	
Utilities:						
Electricity	18,000.00	18,000.00	17,214.10	728.70	57.20	
Street Lighting	14,000.00	14,000.00	11,658.68	2,239.50	101.82	
Telephone	11,000.00	11,000.00	10,953.27		46.73	
Fuel/Oil	18,000.00	18,000.00	10,128.40	639.12	7,232.48	
Sewer	2,000.00	2,000.00	1,311.51		688.49	
Gasoline	13,500.00	13,500.00	3,826.99	807.05	8,865.96	
Salary Adjustments	10,000.00	10,000.00	2,867.24		7,132.76	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>1,256,720.00</b>	<b>1,262,830.00</b>	<b>1,064,512.31</b>	<b>44,884.13</b>	<b>153,433.56</b>	<b>-</b>
Detail:						
Salaries and Wages	522,050.00	525,750.00	486,807.34	-	38,942.66	-
Other Expenses	734,670.00	737,080.00	577,704.97	44,884.13	114,490.90	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
Over-Expenditure of Grant Appropriation	8,069.75	8,069.75	8,069.75	-	-	
Over-Expenditure of an Appropriation	1,657.56	1,657.56	1,657.56	-	-	
Anticipated Deficit - Sewer Utility	111,000.00	111,000.00	69,935.27	-	-	41,064.73
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	59,939.00	53,829.00	53,829.00	-	-	
Social Security System (O.A.S.I.)	42,000.00	42,000.00	39,622.49		2,377.51	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>222,666.31</b>	<b>216,556.31</b>	<b>173,114.07</b>	<b>-</b>	<b>2,377.51</b>	<b>41,064.73</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>1,479,386.31</b>	<b>1,479,386.31</b>	<b>1,237,626.38</b>	<b>44,884.13</b>	<b>155,811.07</b>	<b>41,064.73</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Employee Group Health	390.00	390.00			390.00	
Emergency Service Volunteer Length of Service Award Prgm	11,150.00	11,150.00	11,150.00		-	
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		-	
Agreement with Greenwich Twp						
Sanitation - Convenience Center	9,000.00	9,000.00	9,000.00		-	
Salaries and Wages						
Agreement with Cumberland-Salem Regional						
Municipal Court's	17,500.00	17,500.00	14,896.48		2,603.52	
Contracted Services						
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>53,790.00</b>	<b>53,790.00</b>	<b>50,796.48</b>	<b>-</b>	<b>2,993.52</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	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						
Recycling Tonnage Grant	2,341.95	2,341.95	2,341.95	-	-	
Alcohol Education & Rehabilitation	107.93	107.93	107.93	-	-	
Small Cities	274,199.00	274,199.00	274,199.00	-	-	
Small Cities-Match	27,420.00	27,420.00	27,420.00	-	-	
Clean Communities	2,006.85	12,014.56	12,014.56	-	-	
	<u>306,075.73</u>	<u>316,083.44</u>	<u>316,083.44</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues						
Total Operations - Excluded from "CAPS"	359,865.73	369,873.44	366,879.92	-	2,993.52	
Detail:						
Salaries and Wages	17,750.00	17,750.00	17,750.00	-	-	
Other Expenses	342,115.73	352,123.44	349,129.92	-	2,993.52	
(C) Capital Improvements						
Capital Improvement Fund	5,000.00	5,000.00	5,000.00	-	-	
	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements						
(E) Deferred Charges						
Deferred Charges to Future Taxation Unfunded						
Ordinance 08-07	127,000.00	127,000.00	127,000.00	-	-	
Ordinance 09-01	43,000.00	43,000.00	43,000.00	-	-	
	<u>170,000.00</u>	<u>170,000.00</u>	<u>170,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	534,865.73	544,873.44	541,879.92	-	2,993.52	-
SUBTOTAL GENERAL APPROPRIATIONS	2,014,252.04	2,024,259.75	1,779,506.30	44,884.13	158,804.59	41,064.73
(M) Reserve for Uncollected Taxes	564,009.93	564,009.93	564,009.93	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,578,261.97</u>	<u>2,588,269.68</u>	<u>2,343,516.23</u>	<u>44,884.13</u>	<u>158,804.59</u>	<u>41,064.73</u>



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Budget		2,578,261.97			41,064.73
Appropriations by 40A:4-87 Emergency Appropriations		10,007.71			-
		<u>2,588,269.68</u>			<u>41,064.73</u>
Reserve for Uncollected Taxes			564,009.93		
Federal and State Grants			288,663.44		
Matching Funds for Grants			27,420.00		
Capital Improvement Fund			5,000.00		
Deferred Charges			179,727.31		
Disbursements			1,278,695.55		
			<u>2,343,516.23</u>		
					Cancelled Overexpended

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**EXHIBIT - B  
TRUST FUND**



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

	2014	2013
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 2,256.73	139.48
Due from State of NJ	69.40	-
	2,326.13	139.48
<u>OTHER TRUST FUND</u>		
Cash and Investments	248,557.10	193,534.02
	248,557.10	193,534.02
	250,883.23	193,673.50
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	2,326.13	127.68
Due to State of New Jersey		11.80
	2,326.13	139.48
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	9,891.02	23,468.57
Sanitary Landfill	42,323.34	42,091.21
Developers Escrow	22,315.82	23,616.08
COAH Fees	37,451.28	37,301.80
Tax Sale Premiums	121,500.00	53,100.00
Redemption of Tax Sale Certificates	14,376.30	13,619.13
Interfunds and Payables:		
Due to Current Fund	699.34	337.23
	248,557.10	193,534.02
	\$ 250,883.23	193,673.50

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>2014</u>	<u>2013</u>
Cash	\$ 8,461.24	9,975.36
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	673,725.00	843,725.00
Interfunds and Receivables		
Due from Current Fund	114,820.62	-
	<u>797,006.86</u>	<u>853,700.36</u>
	<u>797,006.86</u>	<u>853,700.36</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	91,694.77	93,124.27
Unfunded	114,356.20	114,356.20
Capital Improvement Fund	350,955.89	345,955.89
Fund Balance	-	-
	<u>\$ 797,006.86</u>	<u>853,700.36</u>
	<u>\$ 797,006.86</u>	<u>853,700.36</u>

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

2013	843,725.00
2014	673,725.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2014	2013
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,**

	2014	2013
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 109,127.34	\$ 10,386.75
Interfunds and Receivables		
Due from Sewer Capital Fund	36,078.01	23,423.41
	145,205.35	33,810.16
Receivables and Other Assets with Full Reserves:		
Sewer Accounts Receivable	69,824.21	72,329.06
	69,824.21	72,329.06
Deferred Charges:		
Emergency Appropriation	35,000.00	75,000.00
	35,000.00	75,000.00
Total Operating Fund	250,029.56	181,139.22
Capital Fund:		
Cash - Treasurer	36,078.01	36,161.86
Interfunds and Receivables		
Due from Current Fund	49,184.89	-
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	7,559,762.90	7,510,661.86
	\$ 7,809,792.46	\$ 7,691,801.08

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>2014</u>	<u>2013</u>
Operating Fund:		
Appropriation Reserves	\$ 28,437.05	\$ 12,770.99
Reserve for Encumbrances	4,195.82	1,955.53
Prepaid Sewer Rents	3,527.66	3,240.26
Accrued Interest on Bonds and Notes	12,177.08	8,320.00
Interfunds:		
Due to Current Fund	127,417.68	78,073.32
Due to Grant Fund	3,474.64	3,474.64
	<u>179,229.93</u>	<u>107,834.74</u>
 Reserve for Receivables	 69,824.21	 72,329.06
Fund Balance	975.42	975.42
 Total Operating Fund	<u>250,029.56</u>	<u>181,139.22</u>
Capital Fund:		
Interfunds:		
Due to Sewer Operating Fund	36,078.01	23,423.41
Accounts Payable	49,184.89	-
Refunding Bonds Payable	3,985,000.00	-
Bonds And Loans Payable	-	4,187,904.50
Improvement Authorizations:		
Funded	-	-
Unfunded	39,789.91	39,789.91
Reserve for Amortization	3,409,920.18	3,207,015.68
Deferred Reserve for Amortization	39,789.91	39,789.91
Fund Balance	-	12,738.45
 Total Capital Fund	<u>7,559,762.90</u>	<u>7,510,661.86</u>
	<u>\$ 7,809,792.46</u>	<u>\$ 7,691,801.08</u>

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

2013	39,789.91
2014	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, 2014**

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ -	\$ -
Sewer Rents	629,708.38	607,014.99
Miscellaneous Revenue Anticipated	69,935.27	17,435.22
Miscellaneous Revenue Not Anticipated	6,063.27	7,261.54
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	12,770.99	7,108.25
Total Income	718,477.91	638,820.00
Expenditures		
Operations	396,500.00	433,500.00
Debt Service	268,977.91	280,320.00
Total Expenditures	753,477.91	713,820.00
Excess/(Deficit) in Revenue	(35,000.00)	(75,000.00)
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	35,000.00	75,000.00
Total Adjustments	35,000.00	75,000.00
Excess in Operations	0.00	-
Fund Balance January 1	975.42	975.42
Decreased by:	975.42	975.42
Utilization as Anticipated Revenue	-	-
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,**

	2014	2013
Beginning Balance January 1	\$ 12,738.45	12,738.45
Increased by:		
None		
Decreased by:		
Surplus budgeted in Current Fund	12,738.45	
Ending Balance December 31	\$ -	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, 2014**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ -	-	-
Sewer Rents	606,761.55	616,969.93	10,208.38
Utility Capital Surplus	12,738.45	12,738.45	
Deficit (General Budget)	111,000.00	69,935.27	(41,064.73)
	<u>\$ 730,500.00</u>	<u>699,643.65</u>	<u>(30,856.35)</u>

## Analysis of Realized Revenue:

## Rents

## Consumer Accounts Receivable:

Current Collections	\$ 613,729.67
Prepayments & Overpayments Applied	3,240.26
	<u>616,969.93</u>

## Miscellaneous Revenue Not Anticipated

Interest on Investments	6,063.27
	<u>\$ 6,063.27</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	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	33,249.24	1,074.70	6,176.06	
Other Expenses	310,000.00	345,000.00	332,617.89	3,121.12	9,260.99	
Other Expenses - Insurance	11,000.00	11,000.00	11,000.00	-	-	
	<u>361,500.00</u>	<u>396,500.00</u>	<u>376,867.13</u>	<u>4,195.82</u>	<u>15,437.05</u>	<u>-</u>
Capital Improvements:						
Capital Improvement Fund	7,000.00	7,000.00			7,000.00	
Capital Outlay	6,000.00	6,000.00			6,000.00	
	<u>13,000.00</u>	<u>13,000.00</u>	<u>-</u>	<u>-</u>	<u>13,000.00</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal & Interest	281,000.00	281,000.00	268,977.91			12,022.09
	<u>281,000.00</u>	<u>281,000.00</u>	<u>268,977.91</u>	<u>-</u>	<u>-</u>	<u>12,022.09</u>
Deferred Charges and Statutory Expenditures:						
Special Emergency	75,000.00	75,000.00	75,000.00			
	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 730,500.00</u>	<u>765,500.00</u>	<u>720,845.04</u>	<u>4,195.82</u>	<u>28,437.05</u>	<u>12,022.09</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>2014</u>	<u>2013</u>
Land Buildings and Improvements	\$ 1,306,433.12	1,306,433.12
Machinery and Equipment	<u>1,653,201.94</u>	<u>1,619,121.56</u>
	<u>2,959,635.06</u>	<u>2,925,554.68</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>2,959,635.06</u>	<u>2,925,554.68</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF HOPEWELL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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, 2014 AND 2013**

**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.

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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.



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**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. 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 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.

**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 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$564,009.63 and \$562,961.34. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$750,000 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 2014 and 2013 statutory budgets was \$0 and \$0.

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 2014 and 2013 calendar years:

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	<u>2014</u>	<u>2013</u>
Administrative and Executive		
Operating Expenses	\$ 3,000.00	(4,500.00)
Tax Assessment Administration		
Operating Expenses		1,500.00
Legal Services		
Operating Expenses	(8,000.00)	12,000.00
Engineer Services and Costs		
Operating Expenses	(3,700.00)	(15,000.00)
Insurance		
Employee Group Insurance	(2,000.00)	(5,000.00)
Demolition of Public Property		(5,000.00)
Public Buildings and Grounds		
Operating Expenses	2,000.00	12,000.00
Animal Control Services		1,000.00
Utilities		
Electricity		3,000.00
Planning Board		
Salaries and Wages	1,700.00	
Zoning Board of Adjustment		
Salaries and Wages	2,000.00	
Streets and Roads Maintenance		
Operating Expenses	2,000.00	
Convenience Center		
Operating Expenses	(6,000.00)	
Public Employees Retirement System	(6,110.00)	

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 2014 and 2013, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities Program	\$ 10,007.71	10,669.69
Recycling Tonnage Grant	-	2,341.95
Total	<u>\$ 10,007.71</u>	<u>13,011.64</u>

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 2014 for \$35,000 in the Sewer Fund. This emergency was due to billings owed to the Cumberland County Utilities Authority for sewer services being higher than anticipated. The unfunded balance as of December 31, 2014 was \$35,000 and has been provided for in its entirety in the 2015 Budget.

**TOWNSHIP OF HOPEWELL  
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**Note 3: INVESTMENTS**

As of December 31, 2014 and 2013, 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, 2014 and 2013, \$0 of the municipality's bank balance of \$2,962,860.68 and \$2,532,528.65 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, 2014 and 2013:

	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>
	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land Buildings & Improvements	1,306,433.12	-	-	1,306,433.12
Machinery & Equipment	1,619,121.56	34,080.38	-	1,653,201.94
	<u>\$ 2,925,554.68</u>	<u>34,080.38</u>	<u>-</u>	<u>2,959,635.06</u>

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
	None			None
	Balance 12/31/13	Issued	Retired	Balance 12/31/14
	None			None

As of December 31, 2014 the entity has authorized but not issued bonds in the amount of \$673,725 and \$39,789.91 in the General Capital Fund and Sewer Utility Capital Fund respectively.

**TOWNSHIP OF HOPEWELL  
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**Note 7: LONG TERM DEBT**

Long-term debt as of December 31, 2014 and 2013 consisted of the following:

	Balance 12/31/12	Issued	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
<b>Total</b>	<u>4,268,200.83</u>	<u>-</u>	<u>80,296.33</u>	<u>4,187,904.50</u>	<u>84,161.93</u>
Compensated Absences Payable	14,375.00	-	2,022.33	12,352.67	-
<b>Total long-term liabilities</b>	<u>\$ 4,282,575.83</u>	<u>-</u>	<u>82,318.66</u>	<u>4,200,257.17</u>	<u>84,161.93</u>

  

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ -			-	-
Utility	4,187,904.50	4,105,000.00	4,307,904.50	3,985,000.00	120,000.00
<b>Total</b>	<u>4,187,904.50</u>	<u>4,105,000.00</u>	<u>4,307,904.50</u>	<u>3,985,000.00</u>	<u>120,000.00</u>
Compensated Absences Payable	12,352.67	-	1,542.04	10,810.63	-
<b>Total long-term liabilities</b>	<u>\$ 4,200,257.17</u>	<u>4,105,000.00</u>	<u>4,309,446.54</u>	<u>3,995,810.63</u>	<u>120,000.00</u>

**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:**

\$4,105,000.00 Sewer Refunding Bonds Series 2014, dated November 19, 2014 payable in annual installments through 2038. Interest is paid semiannually ranging from 2.000% to 4.500% per annum. The balance remaining as of December 31, 2014 was \$3,985,000.00.

**TOWNSHIP OF HOPEWELL  
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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
2015	None	None	120,000.00	146,125.00
2016	None	None	125,000.00	143,725.00
2017	None	None	125,000.00	141,225.00
2018	None	None	130,000.00	137,475.00
2019	None	None	135,000.00	133,575.00
2020-2024	None	None	725,000.00	611,100.00
2025-2029	None	None	845,000.00	492,462.50
2030-2034	None	None	1,030,000.00	306,237.50
2035-2038	None	None	750,000.00	73,575.00
	<u>None</u>	<u>None</u>	<u>3,985,000.00</u>	<u>2,185,500.00</u>

As of December 31, 2014 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 \$180,620.83.

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	-	-
Sewer Utility - Bonds and Notes	4,105,000.00	4,187,904.50	4,268,200.83
Total Issued	<u>4,105,000.00</u>	<u>4,187,904.50</u>	<u>4,268,200.83</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	673,725.00	843,725.00	464,625.00
Sewer Utility - Bonds and Notes	39,789.91	39,789.91	39,789.91
Total Authorized But Not Issued	<u>713,514.91</u>	<u>883,514.91</u>	<u>504,414.91</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 4,818,514.91</u>	<u>\$ 5,071,419.41</u>	<u>4,772,615.74</u>

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	\$ 4,266,626.66	4,266,626.66	-
Sewer Utility Debt	4,144,789.91	4,144,789.91	-
General Debt	673,725.00		673,725.00
	<u>\$ 9,085,141.57</u>	<u>8,411,416.57</u>	<u>673,725.00</u>

Net Debt \$673,725.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$321,664,724.67 = 0.209%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$	11,258,265.36
Net Debt		673,725.00
Remaining Borrowing Power	\$	<u>10,584,540.36</u>

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 and 2014 were as follows:

		<u>2015</u>	<u>2014</u>
Current Fund	\$	653,500.00	750,000.00
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, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2014	2015 Budget Appropriation	Balance to Succeeding
Current & Grant Fund:			
None	-	-	-
Sewer Utility Fund:			
Emergency Appropriation	35,000.00	35,000.00	-
	<u>\$ 35,000.00</u>	<u>35,000.00</u>	<u>-</u>

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$3,301,761 and \$3,176,756.00 have been raised for the 2014 and 2013 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>12/31/2014</u>	<u>12/31/2013</u>
Balance of Tax	\$ 1,650,880.50	1,588,378.00
Deferred	1,425,000.00	1,425,000.00
Tax Payable	<u>\$ 225,880.50</u>	<u>163,378.00</u>

Regional District School Tax in the amounts of \$1,655,263 and \$1,453,273.00 have been raised for the 2014 and 2013 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.

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

	12/31/2014	12/31/2013
Balance of Tax	\$ 827,632.41	726,636.70
Deferred	-	-
Tax Payable	<u>\$ 827,632.41</u>	<u>726,636.70</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:

	Balance 12/31/14	Balance 12/31/13
Prepaid Taxes	<u>\$ 84,159.79</u>	<u>\$ 69,519.26</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 84,159.79</u>	<u>\$ 69,519.26</u>

**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 6.78% through June 30, 2014 and 6.92% 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, 2014, 2013, and 2012 were \$53,829.00, \$54,870.00 and \$53,388.00.

**TOWNSHIP OF HOPEWELL  
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The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$552,105.07, \$534,873.35 and \$552,028.75. Payroll covered by PERS was \$429,362.00, \$459,919.00 and \$484,509.00.

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  $\frac{1}{4}$  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.
- 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 PERS, 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  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, 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  $\frac{1}{7}$ <sup>th</sup> 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.



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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 \$10,810.63 in 2014 and \$12,352.67 in 2013. 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.

**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, 2014 and 2013 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:

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ -		59.42	13,636.97	9,891.02
2013	-	1,162.70	127.99	-	23,468.57
2012	-	1,221.24			22,177.88

**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, 2014 AND 2013**

**Note 17: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2014, 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		210,135.18
Trust - Other Fund	699.34	
General Capital		114,820.62
Sewer Capital Fund		49,184.89
Sewer Operating Fund	127,417.68	
Grant Fund:		
Current Fund	210,135.18	
General Capital Fund	240,000.00	
Sewer Operating Fund	3,474.64	
Trust Fund:		
Current Fund		699.34
Grant Fund		
Current Fund		
General Capital Fund:		
Current Fund	114,820.62	
Grant Fund		240,000.00
Sewer Operating:		
Current Fund		127,417.68
Grant Fund		3,474.64
Sewer Capital Fund	36,078.01	
Sewer Capital Fund:		
Current Fund	49,184.89	
Sewer Operating Fund		36,078.01
	<u>781,810.36</u>	<u>781,810.36</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 June 30, 2015, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

## **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, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 30, 2015, 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 #2014-1 and #2014-2.

### **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 #2014-3.

### **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**

**June 30, 2015**

**TOWNSHIP OF HOPEWELL**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2014**

**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 #2014-1      The CFO will attempt to maintain the General Ledger.
- Finding #2014-2      The Dog Licenses Fund will be administered properly in the future.
- Finding #2014-3      Monthly Reports will be filed on time in the future.

**STATUS OF PRIOR YEAR FINDINGS**

Finding 2014-1 and 2014-2 are repeated from 2013.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2013	\$ 2,130,437.15	59,190.57
Increased by Receipts:		
Tax Collector	9,070,148.39	
Revenue Accounts Receivable	510,252.32	
Miscellaneous Revenue	192,336.28	
Due from State of NJ - Seniors & Vets	66,461.64	
Payroll Payable	807,113.60	
Matching Funds for Grants		27,420.00
Due to Grant Fund	218,455.03	
Due from General Capital	84.62	
Due to Sewer Capital	49,184.89	
Performance Bond	9,049.20	
Federal and State Unappropriated		142,847.34
Federal and State Receivables		149,545.00
	10,923,085.97	319,812.34
	13,053,523.12	379,002.91
Decreased by Disbursements:		
Current Year Appropriation	1,278,695.55	
Prior Year Appropriations	79,164.13	
Accounts Payable		9,310.00
County Taxes	3,510,608.47	
Local District School Taxes	3,239,258.50	
Regional School Taxes	1,554,267.29	
Payroll Payable	807,113.60	
Due to Trust Other Funds	362.11	
Matching Funds for Grants	27,420.00	
Due from Sewer Operating Fund	49,344.36	
Due from Current Fund		218,455.03
Federal and State Disbursements		92,130.64
	10,546,234.01	319,895.67
Balance December 31, 2014	\$ <u>2,507,289.11</u>	<u>59,107.24</u>



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

Balance December 31, 2013		\$ 20,259.05
Increased by Receipts:		
Prepaid Taxes	84,159.79	
Taxes Receivable	8,906,509.51	
Revenue Accounts Receivable	66,604.96	
Tax Title and Other Liens	7,228.19	
Overpayments	5,645.94	
	<hr/>	<hr/>
		9,070,148.39
		9,090,407.44
Payments to Treasurer		<hr/>
		9,070,148.39
		<hr/>
		\$ 20,259.05
		<hr/> <hr/>

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

Year	Balance Dec. 31, 2013	Current Year Levy	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2014
			2013	2014				
Arrears 2013	\$ 14,712.98			11,588.21	2,755.47		(6,182.02)	6,551.32
	354,308.94			338,558.39		9,568.53	6,182.02	(0.00)
	369,021.92	-	-	350,146.60	2,755.47	9,568.53	-	6,551.32
2014		9,086,679.84	4,754.82	69,519.26	8,632,468.98	22,082.71		359,795.47
	\$ 369,021.92	9,086,679.84	4,754.82	69,519.26	8,982,615.58	31,651.24		366,346.79
<b>Analysis of Current Year Tax Levy</b>								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
				9,086,679.84				
				4,754.82				
				<u>9,091,434.66</u>				
Tax Levy:								
General County Taxes								
County Open Space Taxes								
County Health Taxes								
County Added and Omitted Taxes								
				3,306,288.30				
				34,019.38				
				164,663.64				
				1,837.50				
				<u>3,506,808.82</u>				
Total County Taxes								
Local School District Tax								
Regional School District Tax								
				3,301,761.00				
				1,655,263.00				
				<u>610,842.24</u>				
				16,759.60				
				<u>627,601.84</u>				
				<u>9,091,434.66</u>				

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

Balance December 31, 2013		\$ 69,675.01
Increased by:		
Transfers from Taxes Receivable	31,651.24	
	<hr/>	<hr/>
		31,651.24
		101,326.25
Decreased by:		
Collections	7,228.19	
	<hr/>	<hr/>
		7,228.19
Balance December 31, 2014		\$ <u><u>94,098.06</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance	
	Dec. 31, 2013	in 2014	Collector	Treasurer	Dec. 31, 2014	
Interest and Costs on Taxes	\$	64,054.42	64,054.42		-	
Interest Earned on Investments		12,735.49	2,550.54	10,184.95	-	
Alcoholic Beverage License		2,500.00		2,500.00	-	
Payments in Lieu of Taxes - Hopewell Place		112,700.00		112,700.00	-	
Rent of Municipal Property		15,730.00		15,730.00	-	
Consolidated Municipal Property Tax Relief		25,530.00		25,530.00	-	
Energy Receipts Tax		275,414.00		275,414.00	-	
Gardent State Preservation Trust		5,170.00		5,170.00	-	
Uniform Construction Code Fees		37,443.00		37,443.00	-	
Interlocal Agreement - Senior Center		13,278.85		13,278.85	-	
Interlocal Agreement - Convenience Center		8,226.16		8,226.16	-	
Uniform Fire Safety		4,075.36		4,075.36	-	
Miscellaneous Revenue Not Anticipated		192,336.28		192,336.28	-	
	\$	-	769,193.56	66,604.96	702,588.60	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:				
Administrative and Executive				
Salaries and Wages	\$ 17,340.34	17,340.34		17,340.34
Other Expenses	1,246.71	1,246.71		1,246.71
Financial Administration				
Other Expenses:				
Miscellaneous Other Expenses	495.95	495.95		495.95
Annual Audit				-
Assessment of Taxes				
Salaries and Wages	92.23	92.23		92.23
Other Expenses:				
Miscellaneous Other Expenses	109.55	109.55		109.55
Tax Map	445.43	445.43		445.43
Computer Services	1,049.65	1,049.65		1,049.65
Collection of Taxes				
Salaries and Wages	1.00	1.00		1.00
Other Expenses:				
Liquidation of Tax Title Liens	500.00	500.00		500.00
Computer Supplies	1,059.27	1,059.27	444.00	615.27
Legal Services and Costs				
Other Expenses	4,993.65	4,993.65	1,865.44	3,128.21
Engineering Services and Costs				
Other Expenses	6,777.37	6,777.37		6,777.37
Western Cumberland County Economic Develop. Corp.				
Economic Development Committee	12,000.00	12,000.00		12,000.00
LAND USE ADMINISTRATION:				
Zoning Board of Adjustment				
Other Expenses	328.94	328.94		328.94
Planning Board				
Other Expenses	239.68	239.68		239.68

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>				
Code Official	190.24	190.24		190.24
Salaries and Wages				
<b>PUBLIC SAFETY:</b>				
Emergency Management Services				
Salaries and Wages	50.00	50.00		50.00
Other Expenses	48.29	48.29		48.29
Fire				
Other Expenses	4,531.81	4,531.81	1,714.28	2,817.53
Uniform Fire Safety Act				
Salaries and Wages	566.64	566.64		566.64
Other Expenses	500.00	500.00		500.00
Demolition of Public Property	23,500.00	23,500.00		23,500.00
<b>STREETS AND ROADS:</b>				
Streets and Road Maintenance				
Salaries and Wages	15,522.13	15,522.13		15,522.13
Other Expenses	12,550.84	12,550.84	1,290.60	11,260.24
Public Building and Grounds				
Other Expenses	505.67	505.67	505.67	(0.00)
<b>HEALTH AND WELFARE:</b>				
Environmental Commission				
Other Expenses	657.00	657.00		657.00
Dog Regulation				
Other Expenses	2,139.54	2,139.54	1,284.93	854.61
<b>RECREATION AND EDUCATION:</b>				
Senior Citizen Center				
Salaries and Wages	2,559.27	2,559.27		2,559.27
Other Expenses	1,826.60	1,826.60	90.00	1,736.60
<b>UTILITY EXPENSES:</b>				
Electricity	4,114.06	4,114.06		4,114.06
Street Lighting	4,410.41	4,410.41		4,410.41
Telephone	1,205.74	1,205.74		1,205.74
Fuel Oil	5,493.73	5,493.73	5,075.67	418.06
Sewer	496.12	496.12		496.12
Gasoline	1,487.64	1,487.64		1,487.64

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>INSURANCE:</b>				
General Liability	389.92	389.92		389.92
Disability	163.01	163.01		163.01
Medical Reimbursements	321.00	321.00		321.00
Employee Group Insurance	3,648.90	3,648.90		3,648.90
<b>UNCLASSIFIED:</b>				
<b>SANITATION:</b>				
Convenience Center				
Salaries and Wages	5.04	5.04		5.04
Other Expenses	51,597.43	51,597.43	10,688.16	40,909.27
Sanitary Landfill Facility Number 0607A Post-Closure Care	275.00	275.00		275.00
<b>UNIFORM CONSTRUCTION CODE:</b>				
Construction Official				
Salaries and Wages	3,033.68	3,033.68		3,033.68
Other Expenses	1,575.83	1,575.83		1,575.83
<b>Sub Code Officials:</b>				
Electrical Inspector				
Salaries and Wages	2,500.00	2,500.00		2,500.00
Fire Code Official				
Salaries and Wages	75.00	75.00		75.00
Salary Adjustments	4,667.49	4,667.49		4,667.49
<b>STATUTORY EXPENDITURES:</b>				
Social Security System	4,080.30	4,080.30		4,080.30
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Emergency Service Volunteer Length of Service Award Program	587.50	587.50		587.50
Senior Center Agreement with Cumberland-Salem Regional Municipal Court's				
Contracted Services	6,121.38	6,121.38		6,121.38
<b>Capital Improvements</b>				
Municipal Land, Building Improvements & Equipment	51,357.75	51,357.75	41,205.38	10,152.37
Municipal Building Heating	15,000.00	15,000.00	15,000.00	-
<b>\$</b>	<u>274,434.73</u>	<u>274,434.73</u>	<u>79,164.13</u>	<u>195,270.60</u>

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

Balance December 31, 2013			
School Tax Payable	\$	163,378.00	
School Tax Deferred		<u>1,425,000.00</u>	
			\$ 1,588,378.00
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>3,301,761.00</u>
			4,890,139.00
Decreased by:			
Payments			<u>3,239,258.50</u>
Balance December 31, 2014			
School Tax Payable		225,880.50	
School Tax Deferred		<u>1,425,000.00</u>	
			<u>1,650,880.50</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			3,239,258.50
Tax Payable Ending			<u>225,880.50</u>
			3,465,139.00
Less: Tax Payable Beginning			<u>163,378.00</u>
Amount charged to Current Year Operations			<u>\$ 3,301,761.00</u>



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

Balance December 31, 2013		
School Tax Payable	\$ 726,636.70	
School Tax Deferred		
		\$ 726,636.70
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		1,655,263.00
		2,381,899.70
Decreased by:		
Payments		1,554,267.29
Balance December 31, 2014		
School Tax Payable	827,632.41	
School Tax Deferred		
		827,632.41
Current Year Liability for Local School District School Tax:		
Tax Paid		1,554,267.29
Tax Payable Ending		827,632.41
		2,381,899.70
Less: Tax Payable Beginning		726,636.70
Amount charged to Current Year Operations		\$ 1,655,263.00

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

<u>Purpose</u>	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Adjustments	Balance Dec. 31, 2014
<b>FEDERAL GRANTS:</b>					
Small Cities - 2011 Housing Rehabilitation	\$ 62,871.00				62,871.00
Small Cities - 2013 Sidewalks	187,121.29		149,545.00		37,576.29
Small Cities - ADA		274,199.00			274,199.00
Total Federal	<u>249,992.29</u>	<u>274,199.00</u>	<u>149,545.00</u>	<u>-</u>	<u>374,646.29</u>
<b>STATE GRANTS:</b>					
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>\$ 344,418.38</u>	<u>274,199.00</u>	<u>149,545.00</u>	<u>-</u>	<u>469,072.38</u>

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

	Balance December 31, 2013		2014		Balance Dec. 31, 2014
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	
<b>FEDERAL GRANTS:</b>					
Homeland Security - Firefighters - Grant	\$ 54.65				54.65
Small Cities	46,797.76			3,180.00	43,617.76
Small Cities - 2011 - Housing Rehabilitation	47,886.41				47,886.41
Small Cities - Senior Citizen Center - Grant	89.24				89.24
Small Cities-ADA			301,619.00	10,180.50	269,784.00
<b>Total Federal</b>	<b>94,828.06</b>	<b>-</b>	<b>301,619.00</b>	<b>13,360.50</b>	<b>361,432.06</b>
<b>STATE GRANTS:</b>					
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	-		12,014.56	1,125.25	9,389.31
Alcohol Education & Rehabilitation	46.41		107.93		154.34
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	218,338.96			7,002.29	210,751.67
Livable Communities - Firehouse - Grant	39.82				39.82
Planning Incentive Grant	38,390.09			14,820.00	8,750.09
Planning Incentive Grant - Match	99,482.38				99,482.38
Small Cities - 2013 - Sidewalks	95,225.75		2,341.95	53,482.85	26,283.06
Recycling Tonnage				2,339.75	2.20
<b>Total State</b>	<b>530,168.95</b>	<b>-</b>	<b>14,464.44</b>	<b>78,770.14</b>	<b>433,498.41</b>
<b>Total</b>	<b>624,997.01</b>	<b>-</b>	<b>316,083.44</b>	<b>92,130.64</b>	<b>794,930.47</b>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred To 2014 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2014</u>
<b>STATE GRANTS:</b>				
Clean Communities	\$ 2,006.85	12,014.56	10,007.71	-
Alcohol Education and Rehabilitation	107.93	107.93		-
Recycling Tonnage	2,341.95	2,341.95		-
DOT			132,839.63	132,839.63
<b>Total State</b>	<u>\$ 4,456.73</u>	<u>14,464.44</u>	<u>142,847.34</u>	<u>132,839.63</u>

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

Balance December 31, 2013	\$	139.48
Increased by:		
Cash Receipts for:		
Dog Licenses Collected	5,529.07	
Due to State of NJ	811.20	
	6,340.27	6,340.27
		6,479.75
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	3,330.62	
Due to State of New Jersey	892.40	
	4,223.02	4,223.02
Balance December 31, 2014	\$	2,256.73

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

Balance December 31, 2013		\$ 193,534.02
Increased by:		
Cash Receipts for:		
Current Fund Interfund	699.34	
Other Reserves:		
Interest on Investments	441.03	
Other Receipts	461,200.14	
	462,340.51	462,340.51
		655,874.53
Decreased by:		
Cash Disbursed for:		
Current Fund Interfund	337.23	
Other Reserves	406,980.20	
	407,317.43	407,317.43
Balance December 31, 2014		\$ 248,557.10

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

Balance December 31, 2013	\$	127.68
Increased by:		
Dog License - Cash Receipts		5,027.07
Late Fees & Re-Issue Fees Collected		502.00
		5,529.07
Decreased by:		
Cash Disbursed		3,330.62
		3,330.62
Balance December 31, 2014	\$	2,326.13

Fess Collected		2013	5,535.40
		2012	3,259.41
			8,794.81

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

Balance December 31, 2013	\$	11.80
Increased by:		
Cash Receipts	811.20	
	811.20	811.20
Decreased by:		
Cash Disbursed	892.40	823.00
	892.40	892.40
Balance December 31, 2014	\$	(69.40)



**TRUST FUND  
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2013	Interest on Investments	Employee Withholdings	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2014
Unemployment Compensation	\$ 23,468.57	59.42			13,636.97	9,891.02
Sanitary Landfill	42,091.21	232.13				42,323.34
Developers Escrow	23,616.08			9,237.41	10,537.67	22,315.82
COAH Fees	37,301.80	149.48				37,451.28
Tax Sale Premiums	53,100.00			143,000.00	74,600.00	121,500.00
Redemption of Tax Sale Certificates	13,619.13			308,962.73	308,205.56	14,376.30
	<u>\$ 193,196.79</u>	<u>441.03</u>	<u>-</u>	<u>461,200.14</u>	<u>406,980.20</u>	<u>247,857.76</u>

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

Balance December 31, 2013		\$ 9,975.36
Increased by:		
Due to Current Fund	39.01	
		39.01
Decreased by:		
Improvement Authorizations	1,429.50	
Due to Current Fund	123.63	
		1,553.13
Balance December 31, 2014		\$ <u>8,461.24</u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2013	Receipts		Disbursements			Balance Dec. 31, 2014
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 345,955.89						350,955.89
Due to Grant Fund	240,000.00					5,000.00	240,000.00
Due to Current Fund	60,264.00	39.01		123.63	175,000.00		(114,820.62)
<b>Improvement Authorizations:</b>							
225 Closure of Landfill	1,604.99						1,604.99
02-05 Purchase and Construction of Salt/Sand Building	3,121.00			1,429.50			1,691.50
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	7,250.59						7,250.59
08-07 Purchase of Fire Truck	(117,893.79)					127,000.00	9,106.21
09-01 Purchase of Land & Improvements	(63,120.52)					43,000.00	(20,120.52)
13-01 Purchase of Land	(548,354.49)						(548,354.49)
	<u>\$ 9,975.36</u>	<u>39.01</u>	<u>-</u>	<u>1,553.13</u>	<u>175,000.00</u>	<u>175,000.00</u>	<u>8,461.24</u>

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

Balance December 31, 2013		\$	345,955.89
Increased by:			
Budget Appropriation	5,000.00		
			5,000.00
			350,955.89
Decreased by:			
Appropriated to Fund Improvement Authorization	-		
			-
Balance December 31, 2014		\$	350,955.89

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

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised in 2014 Budget	Balance Dec. 31, 2014	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
225	Closure of Landfill	\$ 100,000.00	-	-	100,000.00	-	-	100,000.00
08-07	Purchase of Fire Truck	127,000.00	-	127,000.00	-	-	(9,106.21)	9,106.21
09-01	Purchase of Land & Improvements	67,625.00	-	43,000.00	24,625.00	-	20,120.52	4,504.48
13-01	Purchase of Land	549,100.00	-	-	549,100.00	-	548,354.49	745.51
		\$ 843,725.00	-	170,000.00	673,725.00	-	559,368.80	114,356.20

Improvement Authorizations Unfunded 114,356.20

Less:

Unexpended Proceeds of Bond

Anticipation Notes Issued:

**Ord. Number**

None

\$ 114,356.20

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013			Authorizations		Balance December 31, 2014	
				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				1,429.50	1,691.50	
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	7,250.59					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		745.51				745.51	
			\$	93,124.27	114,356.20	-	-	1,429.50	91,694.77	114,356.20

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Other	Balance Dec. 31, 2014
225	Closure of Landfill	\$ 100,000.00			100,000.00
08-07	Purchase of Fire Truck	127,000.00		127,000.00	-
09-01	Purchase of Land and Improvements	67,625.00		43,000.00	24,625.00
13-01	Purchase of Land	549,100.00			549,100.00
		<u>\$ 843,725.00</u>	<u>-</u>	<u>170,000.00</u>	<u>673,725.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2013	\$ 10,386.75	\$ 36,161.86
Increased by Receipts:		
Water & Sewer Accounts Receivable	613,729.67	
Miscellaneous Revenue Anticipated	69,935.27	
Miscellaneous Revenue Not Anticipated	6,063.27	
Prepaid Sewer Rents	3,527.66	
Due to Current Fund	49,344.36	
Due to Sewer Operating Fund	227.87	144.02
Due from Sewer Capital Fund		144.02
	742,828.10	144.02
	753,214.85	36,305.88
Decreased by Disbursements:		
Current Year Appropriation	376,867.13	
Prior Year Appropriations	1,955.53	
Accrued Interest on Bonds	265,120.83	
Due from Sewer Capital Fund	144.02	
Due to Sewer Utility Operating Fund		227.87
	644,087.51	227.87
Balance December 31, 2014	\$ 109,127.34	\$ 36,078.01



**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance	Receipts		Disbursements		Balance
	Dec. 31, 2013	Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	Dec. 31, 2014
Due to Sewer Operating Fund	\$ 23,423.41	12,882.47			227.87	36,078.01
Fund Balance	12,738.45				12,738.45	-
<u>Improvement Authorizations:</u>						
96-3 Sewer Construction	-					-
	\$ 36,161.86	12,882.47	-	-	12,966.32	36,078.01

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

Balance December 31, 2013		\$	72,329.06
Increased by Receipts:			
Consumer Accounts Charges and Levies	614,465.08		
			614,465.08
			686,794.14
Decreased by Disbursements:			
Collections	613,729.67		
Prepayments & Overpayments Applied	3,240.26		
			616,969.93
Balance December 31, 2014		\$	69,824.21

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

	<u>Balance Dec. 31, 2013</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 7,981.64	7,981.64		7,981.64
Other Expenses	6,658.49	6,658.49	1,955.53	4,702.96
Other Expenses - Insurance	86.39	86.39		86.39
	<u>\$ 14,726.52</u>	<u>14,726.52</u>	<u>1,955.53</u>	<u>12,770.99</u>

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

Balance December 31, 2013		\$	8,320.00
Increased by:			
Budget Appropriations	268,977.91		
	268,977.91		268,977.91
			277,297.91
Decreased By:			
Payments of Debt Service Interest			265,120.83
Balance December 31, 2014		\$	12,177.08

Analysis of Accrued Interest December 31, 2014

Principal Outstanding December 31, 2014	Interest Rate	From	To	Days	Amount
3,985,000.00	Var.	12/1/2014	12/31/2014	30	\$ 12,177.08
					\$ 12,177.08

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Paid or Charged	Balance December 31, 2014	
				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, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Sewer Construction	6/30/1997	\$ 2,799,600	1	1	5.000%	\$ 2,231,455.43	2,231,455.43	-
Sewer Construction	11/26/2003	\$ 2,215,000	2	2	4.375%	1,956,449.07	1,956,449.07	-
						<u>\$ 4,187,904.50</u>	<u>4,187,904.50</u>	<u>-</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 REFUNDING BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding						
			Date	Amount	Interest Rate	Balance Dec. 31, 2013			
Sewer Refunding Bonds	11/19/2014	\$ 4,105,000	12/1/2015	120,000.00	2.000%	\$ -	Increased	Decreased	Balance Dec. 31, 2014
			12/1/2016	125,000.00	2.000%				
			12/1/2017	125,000.00	3.000%				
			12/1/2018	130,000.00	3.000%				
			12/1/2020	275,000.00	3.000%				
			12/1/2022	285,000.00	2.250%				
			12/1/2024	300,000.00	2.500%				
			12/1/2027	485,000.00	4.000%				
			12/1/2030	550,000.00	4.000%				
			12/1/2033	615,000.00	4.250%				
			12/1/2038	975,000.00	4.500%				
						\$ -	\$ 4,105,000.00	120,000.00	3,985,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Balance Dec. 31, 2014
96-3	Sewer Construction	\$ 39,789.91			39,789.91
		<u>\$ 39,789.91</u>	<u>-</u>	<u>-</u>	<u>39,789.91</u>



**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:

Reconstruction of Mary Elmer Lake Drive

#### **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 2014 This Resolution shall take effect January 1, 2014.

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 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 31<sup>st</sup> of the last three years:

Year	Number
2014	19
2013	18
2012	15

**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 2014 and 2015 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, with the exception of the Dog License Fund as discussed in Finding 2014-2.

**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>
2014	\$ 9,091,434.66	8,701,988.24	95.72%
2013	8,613,046.97	8,236,607.12	95.63%
2012	8,810,266.15	8,362,371.44	94.92%

**Comparative Schedule of Tax Rate Information**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 3.678	3.479	3.612
Apportionment of Tax Rate:			
Municipal	0.248	0.241	0.240
County	1.421	1.364	1.374
Regional School	0.671	0.588	0.645
Local School	1.338	1.286	1.353

**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 three 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>
2014	\$ 94,098.06	336,346.79	430,444.85	4.73%
2013	69,675.01	369,021.92	438,696.93	5.09%
2012	43,569.42	436,824.00	480,393.42	5.45%

**TOWNSHIP OF HOPEWELL**

**FINDINGS AND RECOMMENDATIONS**

**Finding #2014-1:\*\*\***

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 #2014-2:\*\*\***

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, Reports were not filed with the state and the required remittances were not done timely and deposits were not made within 48 hours of receipt.

**Context:**

The Township reports that 461 Dog Licenses were sold during the year and \$5,040.00 was collected for State and Municipal Fees.

**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 #2014-3:\*\*\***

The Registrar of Vital Statistics did not file the required monthly reports with the State of New Jersey.

**Criteria:**

NJSA 26:8-25, requires that monthly reports be filed by the tenth day of the subsequent month.

**Condition:**

Reports were not filed on time after August of 2014.

**Context:**

Reports are due monthly.

**Cause:**

Unknown.

**Effect:**

The Registrar of Vital Statistics violated NJSA 26:8-25.

**Recommendation:**

That the Registrar of Vital Statistics file the Monthly Reports with the State of New Jersey by the tenth of the subsequent month in accordance with NJSA 26:8-25.

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**

**June 30, 2015**

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