

TOWNSHIP OF HOPEWELL

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2015

TOWNSHIP OF HOPEWELL
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	<u>PART I</u>	
	Independent Auditor's Report	1 - 3
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 10
A - 3	Statement of Expenditures - Regulatory Basis	11 - 16
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	17
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	18
C - 1	Statement of Fund Balance - Regulatory Basis	19
	<u>SEWER UTILITY FUND</u>	
D	Comparative Balance Sheet - Regulatory Basis	20 - 21
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	22
D - 2	Statement of Capital Fund Balance - Regulatory Basis	23
D - 3	Statement of Revenues - Regulatory Basis	24
D - 4	Statement of Expenditures - Regulatory Basis	25
	<u>GENERAL FIXED ASSET ACCOUNT GROUP</u>	
E	Comparative Balance Sheet - Regulatory Basis	26
	NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS	27 - 43
	<u>SUPPLEMENTARY INFORMATION</u>	
	Independent Auditor's 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	44 - 45
	Schedule of Findings and Responses	46

TOWNSHIP OF HOPEWELL
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
<u>CURRENT FUND</u>		
A - 4	Schedule of Cash - Treasurer	47
A - 5	Schedule of Cash - Collector	48
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	49
A - 7	Schedule of Tax Title Liens	50
A - 8	Schedule of Revenue Accounts Receivable	51
A - 9	Schedule of Appropriation Reserves - Prior Year	52 - 54
A - 10	Schedules of School Tax	55 - 56
A - 11	Schedule of Federal and State Grants Receivable	57
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	58
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	59
<u>TRUST FUND</u>		
B - 1	Schedule of Dog Trust Cash - Treasurer	60
B - 2	Schedule of Other Trust Cash - Treasurer	61
B - 3	Schedule of Reserve for Animal Control Expenditures	62
B - 4	Schedule of Due to State of New Jersey	63
B - 5	Schedule of Other Reserves	64
<u>GENERAL CAPITAL FUND</u>		
C - 2	Schedule of Cash - Treasurer	65
C - 3	Analysis of Cash	66
C - 4	Schedule of Capital Improvement Fund	67
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	n/a
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	68
C - 7	Schedule of Improvement Authorizations	69
C - 8	Schedule of Loans Payable	n/a
C - 9	Schedule of Bond Anticipation Notes	70
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	71
<u>SEWER UTILITY FUND</u>		
D - 5	Schedule of Cash - Treasurer	72
D - 6	Analysis of Cash	73
D - 7	Schedule of Cash - Collector	n/a
D - 8	Schedule of Consumer Accounts Receivable	74
D - 9	Schedule of Utility Liens	n/a
D - 10	Schedule of Appropriation Reserves - Prior Year	75
D - 11	Schedule of Accrued Interest on Bonds	76
D - 12	Schedule of Improvement Authorizations	77
D - 13	Schedule of Refunding Bond Payable	78
D - 14	Schedule of Bond Anticipation Notes	n/a
D - 15	Schedule of Bonds and Notes Authorized But Not Issued	79
<u>PART II</u>		
	General Comments	80 - 82
	Findings and Recommendations	83

TOWNSHIP OF HOPEWELL

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2015 and 2014, 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, 2015, 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, 2015 and 2014 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, 2015 and 2014, 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, 2015 and 2014 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. The letter of 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 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

May 5, 2016

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - A
CURRENT FUND**

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

	2015	2014
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 2,075,804.51	2,507,289.11
Cash - Collector	298,056.54	20,259.05
Cash - Change	505.00	505.00
Total Cash	2,374,366.05	2,528,053.16
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	6,252.00	6,141.10
Total Other Receivables	6,252.00	6,141.10
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	315,236.28	366,346.79
Tax Title and Other Liens	119,129.71	94,098.06
Property Acquired for Taxes - at Assessed Valuation	134,700.00	134,700.00
Interfund Receivable:		
Due from Sewer Operating Fund	-	127,417.68
Due from Trust Fund - Other	-	699.34
Total Receivables and Other Assets	569,065.99	723,261.87
Deferred Charges:		
Special Emergency	200,000.00	-
Total Deferred Charges	200,000.00	-
Total Regular Fund	3,149,684.04	3,257,456.13
Federal and State Grant Fund:		
Cash	59,047.75	59,107.24
Deferred Charges:		
Overexpenditure of Grant Appropriation	-	-
Federal and State Grants Receivable	470,910.14	469,072.38
Due from Sewer Operating Fund	3,474.64	3,474.64
Due from General Capital Fund	140,000.00	240,000.00
Due from Current Fund	18,263.86	210,135.18
Total Federal and State Grant Fund	691,696.39	981,789.44
Total Current Fund	\$ 3,841,380.43	4,239,245.57

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>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 131,882.43	158,804.59
Reserve for Encumbrances	55,106.15	44,884.13
Accounts Payable	187,015.00	716.31
Prepaid Taxes	99,162.14	84,159.79
Overpaid Taxes	10,442.18	5,645.94
Payroll Taxes Payable	22,338.22	-
Local School Tax Payable	258,890.98	225,880.50
Regional School Tax Payable	761,662.41	827,632.41
County Added Tax Payable	1,979.72	1,837.50
Interfund Payable:		
Due to Sewer Capital	10,654.40	49,184.89
Due to Sewer Operating	5,404.10	-
Due to Trust Fund - Other	3,587.73	-
Due to Grant Fund	18,263.86	210,135.18
Due to General Capital	94,833.02	114,820.62
Other		
Reserve for Performance Bond	63,122.99	9,049.20
Reserve for Revaluation	12,985.00	-
	<u>1,737,330.33</u>	<u>1,732,751.06</u>
Reserve for Receivables and Other Assets	569,065.99	723,261.87
Fund Balance	<u>843,287.72</u>	<u>801,443.20</u>
Total Regular Fund	<u>3,149,684.04</u>	<u>3,257,456.13</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	132,839.63
Appropriated Reserves	402,548.27	794,930.47
Encumbrances Payable	289,148.12	54,019.34
Due to Current Fund	-	-
	<u>691,696.39</u>	<u>981,789.44</u>
Total Federal and State Grant Fund	<u>691,696.39</u>	<u>981,789.44</u>
Total Current Fund	<u>\$ 3,841,380.43</u>	<u>4,239,245.57</u>

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,**

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 653,500.00	750,000.00
Miscellaneous Revenue Anticipated	970,919.07	865,520.72
Receipts from Delinquent Taxes	352,150.72	357,374.79
Receipts from Current Taxes	8,707,605.30	8,701,988.24
Non Budget Revenue	107,339.28	192,336.28
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	171,424.98	195,270.60
Interfunds Returned	128,117.02	26,947.13
Total Income	11,091,056.37	11,089,437.76
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	525,459.00	525,750.00
Other Expenses	902,350.00	737,080.00
Deferred Charges & Statutory Expenditures	109,372.24	175,491.58
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	19,850.00	17,750.00
Other Expenses	413,164.35	352,123.44
Capital Improvements	98,000.00	5,000.00
Deferred Charges	170,000.00	170,000.00
Local District School Tax	3,367,862.00	3,301,761.00
Regional District School Tax	1,606,421.00	1,655,263.00
County Tax	3,381,253.54	3,504,971.32
County Share of Added Tax	1,979.72	1,837.50
Refund of Prior Year's Revenue	-	-
Interfund Created	-	-
Total Expenditures	10,595,711.85	10,447,027.84
Excess/(Deficit) in Revenue	\$ 495,344.52	642,409.92

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,**

	<u>2015</u>	<u>2014</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	\$ 200,000.00	-
Total Adjustments	<u>200,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>695,344.52</u>	<u>642,409.92</u>
Fund Balance January 1	<u>801,443.20</u>	<u>909,033.28</u>
	1,496,787.72	1,551,443.20
Decreased by:		
Utilization as Anticipated Revenue	<u>653,500.00</u>	<u>750,000.00</u>
Fund Balance December 31	<u><u>\$ 843,287.72</u></u>	<u><u>801,443.20</u></u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 653,500.00		-
Total Fund Balance Anticipated	<u>653,500.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Alcohol Beverage Licenses	2,500.00		-
Interest and Costs on Taxes	64,000.00		(8,147.87)
Interest Earned on Investments	12,000.00		(4,088.55)
Payments in Lieu of Taxes - Hopewell Place	105,000.00		7,650.00
Rent of Municipal Property	14,400.00		846.00
Total Section A: Local Revenues	<u>197,900.00</u>	<u>-</u>	<u>(3,740.42)</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	19,312.00		-
Energy Receipts Tax	281,632.00		-
Garden State Preservation Trust Fund	5,170.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>306,114.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	30,000.00		27,073.00
Total Section C: Uniform Construction Code Fees	<u>30,000.00</u>	<u>-</u>	<u>27,073.00</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		7,804.16
Interlocal Agreement with Greenwich Township Convenience Center	9,000.00		774.70
Total Section D: Special Items - Interlocal Service Agreements	<u>24,750.00</u>	<u>-</u>	<u>8,578.86</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated		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	-	12,203.13	-
Clean Communities Grant			-
Recycling Tonnage Grant	4,580.22		4,580.22
NJ Transportation Trust Fund Authority Act	190,000.00	170,000.00	360,000.00
	<u>194,580.22</u>	<u>182,203.13</u>	<u>376,783.35</u>
Total Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			-
Section G: Other Special Items			
Uniform Fire Safety	2,000.00		1,460.28
	<u>2,000.00</u>	<u>-</u>	<u>1,460.28</u>
Total Section G: Other Special Items			
Total Miscellaneous Revenues:	755,344.22	182,203.13	970,919.07
Receipts from Delinquent Taxes	370,000.00		352,150.72
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	674,411.46		908,913.50
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>674,411.46</u>	<u>-</u>	<u>908,913.50</u>
Budget Totals	2,453,255.68	182,203.13	2,885,483.29
Non- Budget Revenues:			
Other Non- Budget Revenues:			107,339.28
	<u>2,453,255.68</u>	<u>182,203.13</u>	<u>2,992,822.57</u>
			<u>357,363.76</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 8,707,605.30

Net Revenue from Collections 8,707,605.30

Allocated to:

School, County and Other Taxes 8,357,516.26

Balance for Support of Municipal Budget Appropriations 350,089.04

Increased by:

Appropriation "Reserved for Uncollected Taxes" 558,824.46

Amount for Support of Municipal Budget Appropriations 908,913.50

Receipts from Delinquent Taxes:

Delinquent Tax Collection 352,150.72

Tax Title Lien Collections -

Total Receipts from Delinquent Taxes 352,150.72

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Clerk Fees 2,189.64

Planning & Zoning 1,430.00

200 Foot List 100.00

Cable Franchise Fee 21,964.38

Shared Services - Construction Code 5,000.00

Code Compliance Letters 1,520.00

Stow Creek - Fire Department 30,121.81

Municipal Court 5,878.66

Senior & Vets Admin Fees 1,258.04

Refund Workers Comp Policy 4,980.00

Recycling 2,161.00

Vital Statistics 10.00

Vacant Property Registration 1,625.00

Tax Abatements 12,256.81

Miscellaneous 16,843.94

Total Miscellaneous Revenue Not Anticipated: 107,339.28

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Salaries and Wages	150,000.00	147,000.00	134,048.70		12,951.30	
Other Expenses	40,000.00	43,000.00	38,990.98	2,296.02	1,713.00	
Financial Administration						
Salaries and Wages	68,700.00	66,709.00	62,623.78		4,085.22	
Other Expenses:						
Miscellaneous Other Expenses	11,500.00	11,500.00	10,481.68	719.64	298.68	
Annual Audit	29,000.00	29,000.00	29,000.00		-	
Collection of Taxes						
Salaries and Wages	29,350.00	29,350.00	29,327.68		22.32	
Other Expenses:						
Miscellaneous Other Expenses	9,000.00	9,000.00	7,298.00		1,702.00	
Tax Assessment Administration						
Salaries and Wages	34,900.00	34,900.00	34,862.01		37.99	
Other Expenses:						
Miscellaneous Other Expenses	8,000.00	7,500.00	6,645.13		854.87	
Maintenance of Tax Map	3,000.00	3,500.00	2,232.45		1,267.55	
Computer Services	4,000.00	4,000.00	3,200.00		800.00	
Revaluation		200,000.00	200,000.00		-	
Legal Services						
Salaries and Wages	12,100.00	12,100.00	12,100.00		-	
Other Expenses	40,000.00	32,000.00	23,071.40	2,000.00	6,928.60	
Engineer Services & Costs						
Other Expenses	30,000.00	26,300.00	25,129.61	500.00	670.39	
Western Cumberland County Economic Develop. Corp.						
Other Expenses	9,150.00	9,150.00	9,000.00		150.00	
Economic Development Committee	17,000.00	17,000.00	11,685.13	4,099.15	1,215.72	
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Combined Planning & Zoning Board						
Salaries and Wages	26,000.00	26,000.00	25,381.84		618.16	
Other Expenses	2,000.00	5,700.00	1,632.38	75.00	3,992.62	
Code Enforcement						
Salaries and Wages	3,400.00	3,400.00	2,944.04		455.96	

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
General Liability	69,000.00	69,000.00	68,929.43		70.57	
Disability	500.00	500.00	392.87		107.13	
Employee Group Insurance	11,000.00	19,535.00	16,012.06		3,522.94	
PUBLIC SAFETY						
Office of Emergency Management						
Salaries and Wages	4,450.00	4,450.00	4,400.00		50.00	
Other Expenses	2,500.00	2,960.00	2,847.38	20.00	92.62	
Ambulance Service Contribution						
Other Expenses	35,940.00	35,940.00	35,940.00		-	
Fire						
Other Expenses	58,000.00	64,000.00	63,629.47	78.74	291.79	
Uniform Fire Safety Act						
Salaries and Wages	3,400.00	3,400.00	3,400.00		-	
Other Expenses	200.00	200.00	-		200.00	
STREETS AND ROADS						
Streets and Road Maintenance						
Salaries and Wages	89,000.00	90,000.00	90,000.00		-	
Other Expenses	36,000.00	36,000.00	22,342.09	308.44	13,349.47	
Reserve for Snow Removal	4,500.00	4,500.00	4,500.00		-	
Public Building and Grounds						
Other Expenses	19,000.00	21,000.00	18,821.84	160.50	2,017.66	
HEALTH AND WELFARE						
Animal Control Services						
Other Expenses	9,500.00	9,500.00	6,224.74	675.00	2,600.26	
Environmental Commission						
Other Expenses	600.00	600.00	200.00		400.00	
RECREATION AND EDUCATION						
Recreation Services and Programs						
Other Expenses	2,000.00	2,000.00	1,499.99		500.01	
Bostwick Lake Commission	4,500.00	4,500.00	4,500.00		-	
Senior Citizen Center						
Salaries and Wages	17,150.00	17,150.00	16,727.74		422.26	
Other Expenses	9,000.00	10,000.00	9,591.56	50.00	358.44	

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

	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	35,000.00	35,000.00	34,818.74	181.26		
Salaries and Wages	2,000.00	2,000.00	1,953.80	46.20		
Other Expenses						
Sub Code Officials						
Plumbing Inspector	7,500.00	7,500.00	7,500.00	-		
Salaries and Wages						
Electrical Inspector	11,500.00	11,300.00	9,175.45	2,124.55		
Salaries and Wages						
Fire Code Official	3,600.00	3,600.00	3,590.00	10.00		
Salaries and Wages						
Unclassified:						
Sanitation:						
Convenience Center	33,000.00	37,000.00	36,753.74	246.26		
Salaries and Wages	140,000.00	140,000.00	81,761.75	46,606.25		
Other Expenses	8,500.00	8,500.00	8,495.00	5.00		
Sanitary Landfill Facility No. 0607A Post-Closure Care						
Utilities:						
Electricity	20,000.00	19,065.00	13,420.22	1,500.00	4,144.78	
Street Lighting	15,000.00	15,000.00	10,532.11	1,500.00	2,967.89	
Telephone	13,000.00	13,000.00	10,923.51	448.07	1,628.42	
Fuel Oil	16,000.00	12,000.00	3,770.76	1,489.53	6,739.71	
Sewer	2,000.00	2,000.00	547.99	537.75	1,452.01	
Gasoline	8,500.00	8,500.00	5,638.76		2,323.49	
Salary Adjustments	10,000.00	1,000.00	1,000.00			
TOTAL OPERATIONS WITHIN "CAPS"	1,228,940.00	1,427,809.00	1,269,495.81	28,089.84	130,223.35	-
Detail:						
Salaries and Wages	539,050.00	525,459.00	504,709.68	-	20,749.32	
Other Expenses	689,890.00	902,350.00	764,786.13	28,089.84	109,474.03	

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Anticipated Deficit - Sewer Utility	50,725.00	50,725.00	12,286.24			38,438.76
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	55,086.00	55,086.00	55,086.00		-	
Social Security System (O.A.S.I.)	43,000.00	42,000.00	41,142.93		857.07	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>148,811.00</u>	<u>147,811.00</u>	<u>108,515.17</u>	<u>-</u>	<u>857.07</u>	<u>38,438.76</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>1,377,751.00</u>	<u>1,575,620.00</u>	<u>1,378,010.98</u>	<u>28,089.84</u>	<u>131,080.42</u>	<u>38,438.76</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Emergency Service Volunteer Length of Service Award Prgm	13,250.00	13,250.00	12,450.00		800.00	
Interlocal Municipal Service Agreements						
Stow Creek Twp, Greenwich Twp & Shiloh Borough						
Salaries and Wages	10,850.00	10,850.00	10,850.00		-	
Other Expenses	6,000.00	6,000.00	6,000.00		-	
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						
Contracted Services	15,000.00	17,131.00	17,130.19		0.81	
	<u>54,100.00</u>	<u>56,231.00</u>	<u>55,430.19</u>	<u>-</u>	<u>800.81</u>	<u>-</u>

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(A) Public and Private Programs Off-Set by Revenues					
Recycling Tonnage Grant	4,580.22	4,580.22	4,580.22	-	
NJ Transportation Trust Fund	190,000.00	360,000.00	360,000.00	-	
Clean Communities	-	12,203.13	12,203.13	-	
Total Public and Private Programs Off-Set by Revenues	<u>194,580.22</u>	<u>376,783.35</u>	<u>376,783.35</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	248,680.22	433,014.35	432,213.54	-	800.81
Detail:					
Salaries and Wages	19,850.00	19,850.00	19,850.00	-	-
Other Expenses	228,830.22	413,164.35	412,363.54	-	800.81
(C) Capital Improvements					
Capital Improvement Fund	60,000.00	60,000.00	60,000.00	-	-
Municipal Land, Building Improvements & Equipment	38,000.00	38,000.00	11,698.80	26,300.00	1.20
Total Capital Improvements	<u>98,000.00</u>	<u>98,000.00</u>	<u>71,698.80</u>	<u>26,300.00</u>	<u>1.20</u>
(E) Deferred Charges					
Deferred Charges to Future Taxation Unfunded					
Ordinance 09-01	24,625.00	24,625.00	24,625.00	-	-
Ordinance 13-01	145,375.00	145,375.00	145,375.00	-	-
Total Deferred Charges	<u>170,000.00</u>	<u>170,000.00</u>	<u>170,000.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>516,680.22</u>	<u>701,014.35</u>	<u>673,912.34</u>	<u>26,300.00</u>	<u>802.01</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,894,431.22</u>	<u>2,276,634.35</u>	<u>2,051,923.32</u>	<u>54,389.84</u>	<u>38,438.76</u>
(M) Reserve for Uncollected Taxes	558,824.46	558,824.46	558,824.46	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,453,255.68</u>	<u>2,835,458.81</u>	<u>2,610,747.78</u>	<u>54,389.84</u>	<u>38,438.76</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Budget		2,453,255.68				38,438.76
Appropriations by 40A:4-87		182,203.13				-
Special Emergency Appropriations		200,000.00				
		<u>2,835,458.81</u>				<u>38,438.76</u>
Reserve for Uncollected Taxes			558,824.46			
Federal and State Grants			376,783.35			
Reserve for Revaluation			200,000.00			
Capital Improvement Fund			60,000.00			
Deferred Charges			170,000.00			
Disbursements			1,245,139.97			
			<u>2,610,747.78</u>			
					Cancelled	
					Overexpended	

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - B
TRUST FUND**

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

	2015	2014
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 230.46	2,256.73
Due from State of NJ	9.40	69.40
	239.86	2,326.13
<u>OTHER TRUST FUND</u>		
Cash and Investments	352,108.66	248,557.10
Interfunds and Receivables:		
Due from Current Fund	3,587.73	
	355,696.39	248,557.10
	355,936.25	250,883.23
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	239.86	2,326.13
Due to State of New Jersey		-
	239.86	2,326.13
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	9,771.11	9,891.02
Sanitary Landfill	42,514.22	42,323.34
Developers Escrow	36,046.87	22,315.82
COAH Fees	41,773.87	37,451.28
Tax Sale Premiums	194,600.00	121,500.00
Redemption of Tax Sale Certificates	15,239.83	14,376.30
Snow Removal - Storm Recovery	4,500.00	-
Bostwick Lake	11,250.49	-
Interfunds and Payables:		
Due to Current Fund	-	699.34
	355,696.39	248,557.10
	\$ 355,936.25	250,883.23

See accompanying Notes to Financial Statements - Regulatory Basis

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 462,621.40	8,461.24
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	1,528,725.00	673,725.00
Interfunds and Receivables		
Due from Current Fund	94,833.02	114,820.62
Due from Sewer Operating Fund	150,000.00	-
	<u>2,236,179.42</u>	<u>797,006.86</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	101,754.81	
Interfunds:		
Due to Grant Fund	140,000.00	240,000.00
Bond Anticipation Notes Payable	455,000.00	
Improvement Authorizations:		
Funded	133,525.71	91,694.77
Unfunded	1,049,943.01	114,356.20
Capital Improvement Fund	355,955.89	350,955.89
Fund Balance	-	-
	<u>\$ 2,236,179.42</u>	<u>797,006.86</u>

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

2014	673,725.00
2015	1,073,725.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2015	2014
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,**

	2015	2014
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 139,852.30	\$ 109,127.34
Interfunds and Receivables		
Due from Current Fund	5,404.10	
Due from Sewer Capital Fund	36,041.32	36,078.01
	181,297.72	145,205.35
Receivables and Other Assets with Full Reserves:		
Sewer Accounts Receivable	59,737.42	69,824.21
	59,737.42	69,824.21
Deferred Charges:		
Emergency Appropriation	-	35,000.00
	-	35,000.00
Total Operating Fund	241,035.14	250,029.56
Capital Fund:		
Cash - Treasurer	36,041.32	36,078.01
Interfunds and Receivables		
Due from Current Fund	10,654.40	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	7,521,195.72	7,559,762.90
	\$ 7,762,230.86	\$ 7,809,792.46

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>	2015	2014
Operating Fund:		
Appropriation Reserves	\$ 7,507.49	\$ 28,437.05
Reserve for Encumbrances	4,385.68	4,195.82
Prepaid Sewer Rents	-	3,527.66
Overpaid Sewer Rents	3,147.41	
Accrued Interest on Bonds and Notes	11,807.08	12,177.08
Interfunds:		
Due to Current Fund		127,417.68
Due to Grant Fund	3,474.64	3,474.64
Due to General Capital Fund	150,000.00	
	180,322.30	179,229.93
 Reserve for Receivables	 59,737.42	 69,824.21
Fund Balance	975.42	975.42
 Total Operating Fund	 241,035.14	 250,029.56
 Capital Fund:		
Contracts Payable	10,654.40	
Interfunds:		
Due to Sewer Operating Fund	36,041.32	36,078.01
Accounts Payable	-	49,184.89
Refunding Bonds Payable	3,865,000.00	3,985,000.00
Bonds And Loans Payable	-	-
Improvement Authorizations:		
Funded	-	-
Unfunded	39,789.91	39,789.91
Reserve for Amortization	3,529,920.18	3,409,920.18
Deferred Reserve for Amortization	39,789.91	39,789.91
Capital Improvement Fund	-	
Fund Balance	-	-
 Total Capital Fund	 7,521,195.72	 7,559,762.90
	\$ 7,762,230.86	\$ 7,809,792.46

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

2014	39,789.91
2015	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, 2015

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ -	\$ -
Sewer Rents	605,887.60	629,708.38
Miscellaneous Revenue Anticipated	12,286.24	69,935.27
Miscellaneous Revenue Not Anticipated	15,709.52	6,063.27
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	31,471.64	12,770.99
Total Income	<u>665,355.00</u>	<u>718,477.91</u>
Expenditures		
Operations	364,600.00	396,500.00
Capital Improvements	-	13,000.00
Debt Service	265,755.00	268,977.91
Deferred Charges and Statutory Expenditures	35,000.00	75,000.00
Total Expenditures	<u>665,355.00</u>	<u>753,477.91</u>
Excess/(Deficit) in Revenue	<u>-</u>	<u>(35,000.00)</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	35,000.00
Total Adjustments	<u>-</u>	<u>35,000.00</u>
Excess in Operations	<u>-</u>	<u>0.00</u>
Fund Balance January 1	<u>975.42</u>	<u>975.42</u>
Decreased by:	975.42	975.42
Utilization as Anticipated Revenue	<u>-</u>	<u>-</u>
Fund Balance December 31	<u>\$ 975.42</u>	<u>\$ 975.42</u>

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,**

	2015	2014
Beginning Balance January 1	\$ -	12,738.45
Increased by:		
None		
Decreased by:		
Surplus budgeted in Current Fund	-	12,738.45
Ending Balance December 31	\$ -	-

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ -	-	-
Sewer Rents	615,000.00	605,887.60	(9,112.40)
Utility Capital Surplus	-	-	
Deficit (General Budget)	50,725.00	12,286.24	(38,438.76)
	<u>\$ 665,725.00</u>	<u>618,173.84</u>	<u>(47,551.16)</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	\$ 602,359.94
Prepayments & Overpayments Applied	3,527.66
	<u>605,887.60</u>

Miscellaneous Revenue Not Anticipated

Interest on Investments	15,709.52
	<u>\$ 15,709.52</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved		
Operations:								
Salaries and Wages	\$ 38,000.00	38,000.00	34,569.61	-	3,430.39			
Other Expenses	326,600.00	326,600.00	318,137.22	4,385.68	4,077.10			
	<u>364,600.00</u>	<u>364,600.00</u>	<u>352,706.83</u>	<u>4,385.68</u>	<u>7,507.49</u>			
Capital Improvements:								
Capital Improvement Fund	-	-	-	-	-			
Capital Outlay	-	-	-	-	-			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
Debt Service:								
Payment of Bond Principal & Interest	266,125.00	266,125.00	265,755.00	-	-		370.00	
	<u>266,125.00</u>	<u>266,125.00</u>	<u>265,755.00</u>	<u>-</u>	<u>-</u>		<u>370.00</u>	
Deferred Charges and Statutory Expenditures:								
Special Emergency	35,000.00	35,000.00	35,000.00	-	-		-	
	<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>	<u>-</u>	<u>-</u>		<u>-</u>	
	<u>\$ 665,725.00</u>	<u>665,725.00</u>	<u>653,461.83</u>	<u>4,385.68</u>	<u>7,507.49</u>		<u>370.00</u>	

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Land Buildings and Improvements	\$ 2,359,305.09	1,306,433.12
Machinery and Equipment	<u>1,099,087.03</u>	<u>1,653,201.94</u>
	<u>3,458,392.12</u>	<u>2,959,635.06</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>3,458,392.12</u>	<u>2,959,635.06</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014**

C. Basis of Accounting

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

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

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

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

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

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

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized. No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the Township's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$558,824.46 and \$564,009.63. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$653,500 and \$750,000.00. 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 2015 and 2014 statutory budgets was \$0 and \$0.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 2015 and 2014 calendar years:

	<u>2015</u>	<u>2014</u>
Administrative and Executive		
Operating Expenses	\$	3,000.00
Legal Services		
Operating Expenses	(8,000.00)	(8,000.00)
Engineer Services and Costs		
Operating Expenses	(3,700.00)	(3,700.00)
Insurance		
Employee Group Insurance		(2,000.00)
Municipal Land Use		
Operating Expenses	3,700.00	
Fire		-
Operating Expenses	6,000.00	
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	19,110.00
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 2015 and 2014, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Clean Communities Program	\$ 12,203.13	12,014.56
NJ Department of Transportation	170,000.00	-
Total	\$ <u>182,203.13</u>	<u>12,014.56</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

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 was \$0, as it was provided for in full in 2015. The entity approved a special emergency appropriation in 2015 for \$200,000 for Revaluation. The unfunded balance as of December 31, 2015 was \$200,000 and has been provided for in its entirety in the 2016 Budget.

Note 3: INVESTMENTS

As of December 31, 2015 and 2014, 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, 2015 and 2014, \$0 of the municipality's bank balance of \$3,367,879.99 and \$2,962,860.68 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, 2015 and 2014:

	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>
	Balance 12/31/2014	Additions/ Adjustments	Retirements/ Adjustments	Balance 12/31/2015
Land Buildings & Improvements	1,306,433.12	1,049,571.97	-	2,356,005.09
Machinery & Equipment	1,653,201.94	11,530.60	(562,345.51)	1,102,387.03
	<u>\$ 2,959,635.06</u>	<u>1,061,102.57</u>	<u>(562,345.51)</u>	<u>3,458,392.12</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation				
General Capital	-	455,000.00		455,000.00

The Bond Anticipation Notes totaling \$455,000 was one note that was issued on November 4, 2015 for \$455,000 and was due and payable on November 3, 2016 with interest at 1.55% per annum.

As of December 31, 2015 the entity has authorized but not issued bonds in the amount of \$1,528,725 and \$39,789.91 in the General Capital Fund and Sewer Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	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
Total	<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	-
Total long-term liabilities	<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>
	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ -			-	-
Utility	3,985,000.00	-	120,000.00	3,865,000.00	125,000.00
Total	<u>3,985,000.00</u>	<u>-</u>	<u>120,000.00</u>	<u>3,865,000.00</u>	<u>125,000.00</u>
Compensated Absences Payable	10,810.63	10,420.72	5,538.51	15,692.84	-
Total long-term liabilities	<u>\$ 3,995,810.63</u>	<u>10,420.72</u>	<u>125,538.51</u>	<u>3,880,692.84</u>	<u>125,000.00</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 was \$3,865,000.00.

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
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	None	None	140,000.00	115,162.50
2021-2025	None	None	740,000.00	580,950.00
2026-2030	None	None	880,000.00	451,325.00
2031-2035	None	None	1,075,000.00	266,862.50
2036-2038	None	None	515,000.00	69,075.00
	<u>None</u>	<u>None</u>	<u>3,865,000.00</u>	<u>2,039,375.00</u>

As of December 31, 2015 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 \$146,125.00.

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	-	-
Sewer Utility - Bonds and Notes	3,865,000.00	4,105,000.00	4,187,904.50
Total Issued	<u>3,865,000.00</u>	<u>4,105,000.00</u>	<u>4,187,904.50</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,528,725.00	673,725.00	843,725.00
Sewer Utility - Bonds and Notes	39,789.91	39,789.91	39,789.91
Total Authorized But Not Issued	<u>1,568,514.91</u>	<u>713,514.91</u>	<u>883,514.91</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 5,433,514.91</u>	<u>\$ 4,818,514.91</u>	<u>5,071,419.41</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 0.485%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local & Regional School District Debt	\$ 4,205,867.22	4,205,867.22	-
Sewer Utility Debt	3,904,789.91	3,904,789.91	-
General Debt	1,528,725.00		1,528,725.00
	<u>\$ 9,639,382.13</u>	<u>8,110,657.13</u>	<u>1,528,725.00</u>

Net Debt \$1,528,725.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$315,373,456.67 = 0.485%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 11,038,070.98
Net Debt	1,528,725.00
Remaining Borrowing Power	<u>\$ 9,509,345.98</u>

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Current Fund	\$ 609,600.00	653,500.00
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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current & Grant Fund:			
Special Emergency	\$ 200,000.00	40,000.00	160,000.00
	<u>200,000.00</u>	<u>200,000.00</u>	<u>160,000.00</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$3,367,862 and \$3,301,761 have been raised for the 2015 and 2014 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>12/31/2015</u>	<u>12/31/2014</u>
Balance of Tax	\$ 1,683,890.98	1,650,880.50
Deferred	1,425,000.00	1,425,000.00
Tax Payable	<u>\$ 258,890.98</u>	<u>225,880.50</u>

Regional District School Tax in the amounts of \$1,606,421 and \$1,655,263 have been raised for the 2015 and 2014 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

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

	<u>12/31/2015</u>	<u>12/31/2014</u>
Balance of Tax	\$ 761,662.41	827,632.41
Deferred	-	-
Tax Payable	<u>\$ 761,662.41</u>	<u>827,632.41</u>

Note 11: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/15</u>	<u>Balance 12/31/14</u>
Prepaid Taxes	\$ 99,162.14	\$ 84,159.79
Cash Liability for Taxes Collected in Advance	<u>\$ 99,162.14</u>	<u>\$ 84,159.79</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 6.92% through June 30, 2015 and 7.06% 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, 2015, 2014, and 2013 were \$55,086, \$53,829.00 and \$54,870.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$565,873.27, \$552,105.07 and \$534,873.35. Payroll covered by PERS was \$436,490, \$429,362.00 and \$459,919.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of the system.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- 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.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

Note 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

The following represents the municipality's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Municipality has a liability of \$1,503,623.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.00669825170%, which would be an increase of 0.24% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$195,273. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 35,871	
Changes of assumptions	161,477	
Changes in proportion	2,570	(60,872)
Net difference between projected and actual earnings on pension plan investments		(24,175)
Total	<u>\$ 199,918</u>	<u>(85,047)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	21,473
2017		21,473
2018		21,473
2019		32,234
2020		18,218
Total	<u>\$</u>	<u>114,871</u>

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 1,814,055	1,503,623	\$ 1,243,791

Pension plan fiduciary net position.

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

Note 14: 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 \$15,692.84 in 2015 and \$10,810.63 in 2014. 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 15: 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.

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 16: 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, 2015 and 2014 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

Calendar Year	Employer Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2015	\$ -	-	29.41	262.88	9,657.55
2014	-	-	59.42	13,636.97	9,891.02
2013	-	1,162.70	127.99	-	23,468.57

Note 17: 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.

This space intentionally left blank

**TOWNSHIP OF HOPEWELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, the following interfunds were included on the balance sheets of the various funds of the Township of Hopewell:

	Due From	Due To
Current Fund:		
Grant Fund		18,263.86
Trust - Other Fund		3,587.73
General Capital		94,833.02
Sewer Capital Fund		10,654.40
Sewer Operating Fund		5,404.10
Grant Fund:		
Current Fund	18,263.86	
General Capital Fund	140,000.00	
Sewer Operating Fund	3,474.64	
Trust Fund:		
Current Fund	3,587.73	
General Capital Fund:		
Current Fund	94,833.02	
Sewer Operating Fund	150,000.00	
Grant Fund		140,000.00
Sewer Operating:		
Current Fund	5,404.10	
Grant Fund		3,474.64
General Capital		150,000.00
Sewer Capital Fund	36,041.32	
Sewer Capital Fund:		
Current Fund	10,654.40	
Sewer Operating Fund		36,041.32
	<u>462,259.07</u>	<u>462,259.07</u>

The amounts due to the Grant Fund from the General Capital fund is due to the fact that the General Capital Fund advanced 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 19: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through May 5, 2016, 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

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of the Township Committee
Township of Hopewell, 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 regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 5, 2016 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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. This deficiency is identified as Finding #2015-1.

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

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

May 5, 2016

TOWNSHIP OF HOPEWELL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

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 – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed one finding relating to the financial statements – regulatory basis that is required to be reported. The finding is listed in the Findings and Recommendations. We have also issued a Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

Finding #2015-1 The current CFO will attempt to maintain the General Ledger.

A corrective action plan is required for 2015.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-1 is repeated from 2014.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2014	\$ 2,507,289.11	59,107.24
Increased by Receipts:		
Tax Collector	8,550,672.69	
Revenue Accounts Receivable	528,777.64	
Miscellaneous Revenue	104,588.42	
Due from State of NJ - Seniors & Vets	62,800.06	
Due from State of NJ - Homestead Rebates	256,282.41	
Payroll Payable	696,110.40	
Due from Current Fund		189,120.46
Due from General Capital	-	100,000.00
Due from Sewer Operating	132,821.78	
Due to Trust	4,500.00	
Performance Bond	54,073.79	
Federal and State Receivables		170,636.02
	<u>10,390,627.19</u>	<u>459,756.48</u>
	12,897,916.30	518,863.72
Decreased by Disbursements:		
Current Year Appropriation	1,245,139.97	
Prior Year Appropriations	32,263.74	
County Taxes	3,383,091.04	
Local District School Taxes	3,334,851.52	
Regional School Taxes	1,672,391.00	
Due to Sewer Capital	38,530.49	
Payroll Payable	673,772.18	
Due to Trust	212.93	
Due to General Capital Fund	249,987.60	
Due to Federal & State Grant Fund	191,871.32	
Federal and State Disbursements		459,815.97
	<u>10,822,111.79</u>	<u>459,815.97</u>
Balance December 31, 2015	\$ <u><u>2,075,804.51</u></u>	<u><u>59,047.75</u></u>

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

Balance December 31, 2014		\$	20,259.05
Increased by Receipts:			
Prepaid Taxes	99,162.14		
Taxes Receivable	8,656,402.86		
Revenue Accounts Receivable	68,108.94		
Tax Title and Other Liens	-		
Overpayments	4,796.24		
			8,828,470.18
			8,848,729.23
Payments to Treasurer			8,550,672.69
Balance December 31, 2015		\$	298,056.54

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjusted	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2015
				2014	2015				
Arrears 2014	\$ 6,551.32				10.37				6,540.95
	359,795.47				352,140.35		1,811.28		5,843.84
	366,346.79	-	-	-	352,150.72	-	1,811.28	-	12,384.79
2015		9,038,949.50	5,224.95	84,159.79	8,623,445.51	10,497.29	23,220.37	-	302,851.49
	\$ 366,346.79	9,038,949.50	5,224.95	84,159.79	8,975,596.23	10,497.29	25,031.65	-	315,236.28

8,656,402.86 Cash Receipts - Tax Collector
 256,282.41 Homestead Rebates
 62,910.96 Senior Citizens and Veterans
8,975,596.23

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax 9,038,949.50
 Added Taxes (54:4-63.1 et. Seq.) 5,224.95
9,044,174.45

Tax Levy:
 General County Taxes 3,194,263.25
 County Open Space Taxes 30,998.86
 County Health Taxes 155,991.43
 County Added and Omitted Taxes 1,979.72
 Total County Taxes 3,383,233.26
 Local School District Tax 3,367,862.00
 Regional School District Tax 1,606,421.00
 Local Tax for Municipal Purposes 674,411.46
 Add: Additional Tax Levied 12,246.73
686,658.19
9,044,174.45

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

Balance December 31, 2014		\$	94,098.06
Increased by:			
Transfers from Taxes Receivable	25,031.65		
			25,031.65
			119,129.71
Decreased by:			
Collections	-		
			-
Balance December 31, 2015		\$	119,129.71

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance	
	Dec. 31, 2014	in 2015	Collector	Treasurer	Dec. 31, 2015	
Interest and Costs on Taxes	\$	55,852.13	55,852.13		-	
Interest Earned on Investments		7,911.45		7,911.45	-	
Alcoholic Beverage License		2,500.00		2,500.00	-	
Payments in Lieu of Taxes - Hopewell Place		112,650.00		112,650.00	-	
Rent of Municipal Property		15,246.00		15,246.00	-	
Consolidated Municipal Property Tax Relief		19,312.00		19,312.00	-	
Energy Receipts Tax		281,632.00		281,632.00	-	
Garden State Preservation Trust		5,170.00		5,170.00	-	
Uniform Construction Code Fees		57,073.00		57,073.00	-	
Interlocal Agreement - Senior Center		23,554.16		23,554.16	-	
Interlocal Agreement - Convenience Center		9,774.70		9,774.70	-	
Uniform Fire Safety		3,460.28		3,460.28	-	
Miscellaneous Revenue Not Anticipated		107,339.28	12,256.81	95,082.47	-	
	\$	-	701,475.00	68,108.94	633,366.06	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:				
Administrative and Executive				
Salaries and Wages	\$ 19,926.68	19,926.68		19,926.68
Other Expenses	707.74	707.74	190.92	516.82
Financial Administration				
Salaries and Wages	26.00	26.00		26.00
Other Expenses:				
Miscellaneous Other Expenses	1,316.17	1,316.17	948.75	367.42
Assessment of Taxes				
Salaries and Wages	22.07	22.07		22.07
Other Expenses:				
Miscellaneous Other Expenses	1,407.20	1,407.20	171.36	1,235.84
Tax Map	776.30	776.30		776.30
Computer Services	613.88	613.88		613.88
Collection of Taxes				
Salaries and Wages	81.91	81.91		81.91
Other Expenses:				
Liquidation of Tax Title Liens	276.52	276.52		276.52
Miscellaneous Other Expenses	437.08	437.08	165.75	271.33
Computer Supplies	2,172.30	2,172.30		2,172.30
Legal Services and Costs				
Other Expenses	7,711.79	7,711.79		7,711.79
Engineering Services and Costs				
Other Expenses	6,518.17	6,518.17	603.58	5,914.59
Western Cumberland County Economic Develop. Corp.				
Other Expenses	30.00	30.00		30.00
Economic Development Committee	12,172.52	12,172.52	4,950.00	7,222.52
LAND USE ADMINISTRATION:				
Zoning Board of Adjustment				
Salaries and Wages	87.27	87.27		87.27
Other Expenses	419.84	419.84		419.84
Planning Board				
Salaries and Wages	1,387.27	1,387.27		1,387.27
Other Expenses	48.48	48.48	48.48	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
CODE ENFORCEMENT AND ADMINISTRATION:				
Code Official	846.51	846.51		846.51
Salaries and Wages				
PUBLIC SAFETY:				
Emergency Management Services				
Salaries and Wages	650.00	650.00		650.00
Other Expenses	27.66	27.66		27.66
Fire				
Other Expenses	3,667.02	3,667.02	2,020.63	1,646.39
Uniform Fire Safety Act				
Other Expenses	500.00	500.00		500.00
STREETS AND ROADS:				
Streets and Road Maintenance				
Salaries and Wages	9,161.73	9,161.73		9,161.73
Other Expenses	13,379.13	13,379.13	7,332.90	6,046.23
Public Building and Grounds				
Other Expenses	2,138.31	2,138.31	673.66	1,464.65
HEALTH AND WELFARE:				
Environmental Commission				
Other Expenses	434.80	434.80		434.80
Dog Regulation				
Other Expenses	4,881.94	4,881.94	965.00	3,916.94
RECREATION AND EDUCATION:				
Recreation Services and Programs				
Other Expenses	1,000.00	1,000.00		1,000.00
Senior Citizen Center				
Salaries and Wages	509.76	509.76		509.76
Other Expenses	4,353.47	4,353.47	590.00	3,763.47
UTILITY EXPENSES:				
Electricity	785.90	785.90	728.70	57.20
Street Lighting	2,341.32	2,341.32	2,239.50	101.82
Telephone	46.73	46.73		46.73
Fuel Oil	7,871.60	7,871.60	639.12	7,232.48
Sewer	688.49	688.49		688.49
Gasoline	9,673.01	9,673.01	807.05	8,865.96

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
INSURANCE:				
General Liability	605.77	605.77		605.77
Disability	144.81	144.81	18.37	126.44
Employee Group Insurance	8,309.94	8,309.94		8,309.94
UNCLASSIFIED:				
SANITATION:				
Convenience Center				
Other Expenses	55,263.72	55,263.72	9,169.97	46,093.75
Sanitary Landfill Facility Number 0607A Post-Closure Care	437.80	437.80		437.80
UNIFORM CONSTRUCTION CODE:				
Construction Official				
Salaries and Wages	3,874.97	3,874.97		3,874.97
Other Expenses	236.35	236.35		236.35
Sub Code Officials:				
Electrical Inspector				
Salaries and Wages	3,140.00	3,140.00		3,140.00
Fire Code Official				
Salaries and Wages	75.00	75.00		75.00
Salary Adjustments	7,132.76	7,132.76		7,132.76
STATUTORY EXPENDITURES:				
Social Security System	2,377.51	2,377.51		2,377.51
OPERATIONS EXCLUDED FROM "CAPS"				
Employee Group Health	390.00	390.00		390.00
Senior Center Agreement with Cumberland-Salem Regional Municipal Court's Contracted Services	2,603.52	2,603.52		2,603.52
	<u>\$ 203,688.72</u>	<u>203,688.72</u>	<u>32,263.74</u>	<u>171,424.98</u>

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

Balance December 31, 2014		
School Tax Payable	\$ 225,880.50	
School Tax Deferred	<u>1,425,000.00</u>	
		\$ 1,650,880.50
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016		<u>3,367,862.00</u>
		5,018,742.50
Decreased by:		
Payments		<u>3,334,851.52</u>
Balance December 31, 2015		
School Tax Payable	258,890.98	
School Tax Deferred	<u>1,425,000.00</u>	
		<u><u>1,683,890.98</u></u>
Current Year Liability for Local School District School Tax:		
Tax Paid		3,334,851.52
Tax Payable Ending		<u>258,890.98</u>
		3,593,742.50
Less: Tax Payable Beginning		<u>225,880.50</u>
Amount charged to Current Year Operations		<u><u>\$ 3,367,862.00</u></u>

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

<u>Purpose</u>	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Adjustments	Balance Dec. 31, 2015
FEDERAL GRANTS:					
Small Cities - 2011 Housing Rehabilitation	\$ 62,871.00				62,871.00
Small Cities - 2013 Sidewalks	37,576.29				37,576.29
Small Cities - ADA	274,199.00				274,199.00
Total Federal	<u>374,646.29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,646.29</u>
STATE GRANTS:					
NJ Transportation Trust Fund Auth Act of 1984:					
DOT - Peachtree Lane	50,212.53		50,212.53		-
DOT - Crest & Apple Tree	21,257.41		21,257.41		-
DOT - Mary Elmer	-	190,000.00	190,000.00		-
DOT - River Road	-	170,000.00	96,692.30		73,307.70
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>360,000.00</u>	<u>358,162.24</u>	<u>-</u>	<u>96,263.85</u>
	<u>\$ 469,072.38</u>	<u>360,000.00</u>	<u>358,162.24</u>	<u>-</u>	<u>470,910.14</u>

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

	Balance December 31, 2014		2015		Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	
FEDERAL GRANTS:					
Homeland Security - Firefighters - Grant	\$ 54.65				54.65
Small Cities	43,617.76				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	269,784.00	21,654.50		51,325.50	1,419.00
Total Federal	361,432.06	21,654.50	-	51,325.50	93,067.06
STATE GRANTS:					
NJ Transportation Trust Fund Auth Act of 1984:					
DOT - Peachtree Lane	34,936.02			34,936.02	-
DOT - Crest & Apple Tree	39,284.78		170,000.00	39,284.78	-
DOT - River Road			12,203.13	151,606.19	(0.00)
Clean Communities	9,389.31			4,680.15	13,046.98
Alcohol Education & Rehabilitation	154.34				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	210,751.67	585.00		36,922.90	171,313.77
Livable Communities - Firehouse - Grant	39.82				39.82
Planning Incentive Grant	8,750.09				8,750.09
Planning Incentive Grant - Match	99,482.38	14,820.00			89,207.38
Small Cities - 2013 - Sidewalks	26,283.06		4,580.22	3,741.17	22,541.89
Recycling Tonnage	2.20			4,580.22	2.20
Total State	433,498.41	15,405.00	186,783.35	275,751.43	309,481.21
Total	794,930.47	37,059.50	186,783.35	327,076.93	402,548.27

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

<u>Purpose</u>	Balance Dec. 31, 2014	Transferred To 2015 Appropriations	Received	Balance Dec. 31, 2015
STATE GRANTS:				
DOT	132,839.63	132,839.63		-
Total State	<u>\$ 132,839.63</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Balance December 31, 2014		\$	2,256.73
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	5,547.33		
Due to State of NJ	833.40		
			6,380.73
			8,637.46
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	7,633.60		
Due from State of New Jersey	773.40		
			8,407.00
Balance December 31, 2015		\$	230.46

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

Balance December 31, 2014		\$ 248,557.10
Increased by:		
Cash Receipts for:		
Current Fund Interfund		
Other Reserves:		
Interest on Investments	334.88	
Other Receipts	426,704.57	
	<hr/>	<hr/> 427,039.45
		675,596.55
Decreased by:		
Cash Disbursed for:		
Current Fund Interfund	4,287.07	
Other Reserves	319,200.82	
	<hr/>	<hr/> 323,487.89
Balance December 31, 2015		\$ <u><u>352,108.66</u></u>

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

Balance December 31, 2014		\$	2,326.13
Increased by:			
Dog License - Cash Receipts	5,547.33		
	<hr/>		<hr/>
			5,547.33
			7,873.46
Decreased by:			
Cash Disbursed	7,633.60		
	<hr/>		<hr/>
			7,633.60
Balance December 31, 2015		\$	<u>239.86</u>

Fess Collected	2014	5,529.07
	2013	5,535.40
		<hr/>
		<u>11,064.47</u>

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

Balance December 31, 2014		\$	(69.40)
Increased by:			
Cash Receipts	833.40		
	<u> </u>		<u>833.40</u>
			764.00
Decreased by:			
Cash Disbursed	773.40		
	<u> </u>		<u>773.40</u>
Balance December 31, 2015		\$	<u><u>(9.40)</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2014	Interest on Investments	Employee Withholdings	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2015
Unemployment Compensation	\$ 9,891.02	29.41			149.32	9,771.11
Sanitary Landfill	42,323.34	190.88				42,514.22
Developers Escrow	22,315.82			33,107.55	19,376.50	36,046.87
COAH Fees	37,451.28	114.59		4,208.00		41,773.87
Tax Sale Premiums	121,500.00			168,300.00	95,200.00	194,600.00
Redemption of Tax Sale Certificates	14,376.30			200,946.38	200,082.85	15,239.83
Snow Removal - Storm Recovery				4,500.00		4,500.00
Bostwick Lake				15,642.64	4,392.15	11,250.49
	<u>\$ 247,857.76</u>	<u>334.88</u>	<u>-</u>	<u>426,704.57</u>	<u>319,200.82</u>	<u>355,696.39</u>

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

Balance December 31, 2014		\$	8,461.24
Increased by:			
Due to Current Fund	26.61		
Bond Anticipation Notes	455,000.00		
	455,026.61		455,026.61
			463,487.85
Decreased by:			
Improvement Authorizations	827.44		
Due to Current Fund	39.01		
	866.45		866.45
Balance December 31, 2015		\$	462,621.40

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 350,955.89								350,955.89
Due to Grant Fund	240,000.00						100,000.00		140,000.00
Due to Sewer Operating Fund							150,000.00		(150,000.00)
Due to Current Fund	(114,820.62)	26.61			39.01			250,000.00	135,166.98
<u>Improvement Authorizations:</u>									
225 Closure of Landfill	1,604.99								1,604.99
02-05 Purchase and Construction of Salt/Sand Building	1,691.50								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				827.44				6,423.15
08-07 Purchase of Fire Truck	9,106.21								9,106.21
09-01 Purchase of Land & Improvements	(20,120.52)								(20,120.52)
13-01 Purchase of Land	(548,354.49)			455,000.00					(548,354.49)
15-08 Renovations & ADA Compliance									455,000.00
15-15 Purchase of Fire Truck									-
	<u>\$ 8,461.24</u>	<u>26.61</u>		<u>455,000.00</u>	<u>827.44</u>		<u>250,000.00</u>	<u>250,000.00</u>	<u>462,621.40</u>

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

Balance December 31, 2014		\$ 350,955.89
Increased by:		
Budget Appropriation	60,000.00	
	<hr/>	<hr/>
		60,000.00
		410,955.89
Decreased by:		
Appropriated to Fund Improvement Authorization	55,000.00	
	<hr/>	<hr/>
		55,000.00
Balance December 31, 2015		\$ <u><u>355,955.89</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Authorizations		Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		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	1,691.50					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			1,779.75		5,470.84	
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
15-08	Renovations & ADA Compliance	8/13/2015	480,000			25,000.00		100,802.50		379,197.50
15-15	Purchase of Fire Truck	12/17/2015	600,000			30,000.00			30,000.00	570,000.00
				<u>\$ 91,694.77</u>	<u>114,356.20</u>	<u>55,000.00</u>		<u>102,582.25</u>	<u>133,525.71</u>	<u>1,049,943.01</u>
									<u>1,025,000.00</u>	

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Renovations and ADA Compliance	15-08	11/4/2015	11/4/2015	11/4/2016	1.550% \$		455,000.00		455,000.00
						\$ -	455,000.00	-	455,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Other	Balance Dec. 31, 2015
225	Closure of Landfill	\$ 100,000.00			100,000.00
09-01	Purchase of Land and Improvements	24,625.00		24,625.00	-
13-01	Purchase of Land	549,100.00		145,375.00	403,725.00
15-08	Renovations & ADA Compliance		455,000.00	455,000.00	-
15-15	Purchase of Fire Truck		570,000.00		570,000.00
		<u>\$ 673,725.00</u>	<u>1,025,000.00</u>	<u>625,000.00</u>	<u>1,073,725.00</u>

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
	\$	\$
Balance December 31, 2014	109,127.34	36,078.01
Increased by Receipts:		
Water & Sewer Accounts Receivable	602,359.94	
Miscellaneous Revenue Anticipated	15,709.52	
Miscellaneous Revenue Not Anticipated	3,147.41	
Overpaid Sewer Rents		
Prepaid Sewer Rents	29,464.46	
Due to Current Fund	150,000.00	
Due to General Capital Fund		
Due to Sewer Operating Fund		251.35
Due from Sewer Capital Fund	36.69	
	<u>800,718.02</u>	<u>251.35</u>
	909,845.36	36,329.36
Decreased by Disbursements:		
Current Year Appropriation	618,831.83	
Prior Year Appropriations	1,161.23	
Improvement Authorizations		-
Accrued Interest on Bonds		
Due to Current Fund	150,000.00	
Due from Sewer Capital Fund		-
Due to Sewer Utility Operating Fund		288.04
	<u>769,993.06</u>	<u>288.04</u>
Balance December 31, 2015	<u>\$ 139,852.30</u>	<u>\$ 36,041.32</u>

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Disbursements		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	
Due to Sewer Operating Fund Fund Balance	\$ 36,078.01	251.35	-	-	288.04	36,041.32
<u>Improvement Authorizations:</u>						
96-3 Sewer Construction	-					-
	<u>\$ 36,078.01</u>	<u>251.35</u>	<u>-</u>	<u>-</u>	<u>288.04</u>	<u>36,041.32</u>

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

Balance December 31, 2014		\$	69,824.21
Increased by Receipts:			
Consumer Accounts Charges and Levies	595,800.81		
			595,800.81
			665,625.02
Decreased by Disbursements:			
Collections	602,359.94		
Prepayments & Overpayments Applied	3,527.66		
			605,887.60
Balance December 31, 2015		\$	59,737.42

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

	<u>Balance Dec. 31, 2014</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 7,250.76	7,250.76	1,074.70	6,176.06
Other Expenses	12,382.11	12,382.11	86.53	12,295.58
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>32,632.87</u>	<u>32,632.87</u>	<u>1,161.23</u>	<u>31,471.64</u>

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

Balance December 31, 2014		\$	12,177.08
Increased by:			
Budget Appropriations	146,125.00		
	146,125.00		146,125.00
			158,302.08
Decreased By:			
Payments of Debt Service Interest			146,495.00
Balance December 31, 2015		\$	11,807.08

Analysis of Accrued Interest December 31, 2015

Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
3,865,000.00	Var.	12/1/2015	12/31/2015	30	\$ 11,807.08
					\$ 11,807.08

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Paid or Charged	Balance December 31, 2015	
				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 REFUNDING BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount	Dec. 31, 2015	Amount					
Sewer Refunding Bonds	11/19/2014	\$ 4,105,000	12/1/2016	125,000.00	2.000%	\$	3,985,000.00	\$	120,000.00	3,865,000.00	
			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%						
							\$ 3,985,000.00	\$	120,000.00	3,865,000.00	

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
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, 2015

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:

Resurfacing of River Road - Section I
Revaluation Services of Township Property
Municipal Building ADA Renovations – Phase I and II
Solid Waste Disposal and Container Hauling

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 2015 This Resolution shall take effect January 1, 2015.

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

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 31st of the last three years:

<u>Year</u>	<u>Number</u>
2015	23
2014	19
2013	18

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 2015 and 2016 Taxes	5
Delinquent Taxes	5
Payment of Sewer Rents	5
Delinquent Sewer Rents	5
Total	<u>20</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

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>
2015	\$ 9,044,174.45	8,707,605.30	96.28%
2014	9,091,434.66	8,701,988.24	95.72%
2013	8,613,046.97	8,236,607.12	95.63%

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 3.664	3.678	3.479
Apportionment of Tax Rate:			
Municipal	0.274	0.248	0.241
County	1.372	1.421	1.364
Regional School	0.652	0.671	0.588
Local School	1.366	1.338	1.286

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>
2015	\$ 119,129.71	315,236.28	434,365.99	4.80%
2014	94,098.06	366,346.79	460,444.85	5.06%
2013	26,105.59	369,021.92	395,127.51	4.59%

Uniform Construction Code

The Township of Hopewell's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

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.

FINDINGS AND RECOMMENDATIONS

Finding #2015-1:***

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 previous Township CFO had 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.

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed with the Township Committee in response to comments, if any.

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

May 5, 2016