TOWNSHIP OF HANOVER

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

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VMA

VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hanover
County of Morris, 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 Hanover as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The management of the Township of Hanover 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 opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. 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, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence obtained is sufficient to provide a reasonable basis for our opinions.

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

As discussed in Note I, the Township of Hanover prepares its financial statements in conformity with the accounting practices 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 discussed 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 Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Hanover as of December 31, 2013 and December 31, 2012 or the results of its operations for the years then ended.

Qualified Opinion on Regulatory Basis of Accounting

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Township of Hanover as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, on the basis of accounting described in Note I.

Other Matters

Our audit was performed for the purpose of forming opinions on the financial statements of the Township of Hanover, in the County of Morris, State of New Jersey, that collectively comprise their financial statements. The accompanying supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole

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Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated June 20, 2014on our consideration of the Township of Hanover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in considering the Township's internal control over financial reporting and compliance.

Vincent M. Montanino
Registered Municipal Accountant
License No. CR 000375

Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

June 20, 2014

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SECTION A

CURRENT FUND

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TOWNSHIP OF HANOVER

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Assets	Ref.	December 31, 2013	2012
General Fund:			
Cash - Treasurer	A-4	$ 12,470,188.11	$ 11,673,349.38
Change Fund	A-5	225.00	225.00
		12,470,413.11	11,673,574.38
Receivables and Other Assets With Full Reserves :			
Delinquent Property Taxes	A-7	530,582.93	544,187.42
Tax Title Liens	A-8	319,869.24	310,829.28
Property Acquired for Taxes - Assessed Valuation	A-9	3,437,200.00	3,437,200.00
Revenue Accounts Receivable	A-10	29,792.94	43,033.56
Other Accounts Receivable	A-11	37,878.49	35,722.29
Interfund Accounts Receivable	A-12	-	2,070.25
		4,355,323.60	4,373,042.80
Deferred Charges:			
Special Emergency Authorization	A-13	213,600.00	284,800.00
		213,600.00	284,800.00
		17,039,336.71	16,331,417.18
Federal and State Grants Fund :			
Cash - Treasurer	A-4	149,456.77	198,211.26
State Aid Receivable	A-25	9,677.05	7,156.11
		159,133.82	205,367.37
		$ 17,198,470.53	$ 16,536,784.55

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

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TOWNSHIP OF HANOVER

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

Liabilities, Reserves and Fund Balance	Ref.	December 31, 2013	2012
General Fund:			
Liabilities :			
Appropriation Reserves	A-3,14	$ 1,601,802.01	$ 1,764,352.03
Amount Due to State for Senior Citizens' and Veterans' Deductions	A-6	30,635.59	24,659.56
Reserve for Encumbrances	A-15	382,487.03	1,030,372.66
Accounts Payable	A-16	21,230.00	785,000.00
Prepaid Taxes	A-17	348,088.13	419,067.36
Tax Overpayments	A-18	210,132.75	51,761.62
Reserve for Tax Appeals Pending	A-19	2,631,458.91	1,962,549.24
Reserve for Special Deposits	A-20	-	-
Prepaid Revenues	A-21	9,174.00	9,611.00
Amount Due to State of New Jersey:			
Construction Code Surcharge Fees	A-22	5,598.00	16,506.00
Board of Health Surcharge Fees	A-23	300.00	275.00
Local School and County Taxes Payable	A-24	202,282.23	18,401.24
		5,443,188.65	6,082,555.71
Reserve for Receivables and Other Assets		4,355,323.60	4,373,042.80
Fund Balance	A-1	7,240,824.46	5,875,818.67
		17,039,336.71	16,331,417.18
Federal and State Grants Fund :			
Appropriated Reserves	A-26	159,133.82	204,007.08
Reserve for Encumbrances	A-27	-	1,360.29
		159,133.82	205,367.37
		$ 17,198,470.53	$ 16,536,784.55

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

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TOWNSHIP OF HANOVER

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

Revenue and Other Income Realized	Ref.	Year 2013	Year 2012
Fund Balance Utilized	A-2	$ 3,750,000.00	$ 2,933,750.00
Miscellaneous Revenue Anticipated	A-2	5,090,679.71	5,865,417.97
Receipts from Delinquent Taxes	A-2	548,584.74	506,740.73
Receipts from Current Taxes	A-2	58,873,088.40	57,297,469.15
Non - Budget Revenue	A-2	608,026.66	611,514.50
Other Credits to Income :			
Sale of Assets	A-4	208,713.00	
Other Accounts Receivable	A-11	197,144.45	165,741.40
Unexpended Balance of Appropriation Reserves	A-14	1,228,494.67	778,694.67
Accounts Payable Canceled	A-16	270,966.32	26,991.64
Tax Overpayments Canceled	A-18	41.06	36.51
Total Income		70,775,739.01	68,186,356.57
Expenditures			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	8,912,000.00	8,840,157.00
Other Expenses	A-3	6,914,021.00	6,567,034.00
Deferred Charges and Statutory Expenditures	A-3	1,735,000.00	1,832,000.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages	A-3	235,000.00	252,243.00
Other Expenses	A-3	564,319.98	493,860.87
Capital Improvements	A-3	2,072,200.00	1,452,000.00
Deferred Charges	A-3	71,200.00	71,200.00
Transferred to Board of Education	A-3	147,709.00	146,447.00

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TOWNSHIP OF HANOVER

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
(CONCLUDED)

Expenditures (Continued)	Ref.	Year 2013	Year 2012
Other Accounts Receivable	A-11	$ 199,300.65	$ 174,241.08
County Taxes	A-24	9,744,824.65	9,411,091.56
County Share of Added and Omitted Taxes	A-24	202,282.23	18,401.24
Local School District Taxes	A-24	21,962,242.00	21,926,746.00
Regional High School District Taxes	A-24	10,828,574.00	10,553,326.33
Municipal Open Space Taxes	A-24	178,059.71	175,134.26
Special District Taxes	A-24	1,894,000.00	1,853,756.00
Total Expenditures		65,660,733.22	63,767,638.34
Statutory Excess		5,115,005.79	4,418,718.23
Fund Balance January 1	A	5,875,818.67	4,390,850.44
		10,990,824.46	8,809,568.67
Decreased by :			
Utilization as Anticipated Revenue	A-2	3,750,000.00	2,933,750.00
Fund Balance December 31	A	$ 7,240,824.46	$ 5,875,818.67

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

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Anticipated Special 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 3,750,000.00	$ -	$ 3,750,000.00	$ -
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-10	35,000.00		39,870.00	4,870.00
Other	A-2	40,000.00		49,431.00	9,431.00
Fees and Permits :					
Other	A-2	85,000.00		154,123.83	69,123.83
Fines and Costs:					
Municipal Court	A-10	275,000.00		332,040.38	57,040.38
Interest and Costs on Taxes	A-10	100,000.00		131,589.26	31,589.26
Hotel/Motel Special Tax	A-10	800,000.00		1,023,996.70	223,996.70
Energy Receipts Tax	A-10	2,033,201.00		2,033,201.00	-
Consolidated Municipal Property Tax Relief Aid	A-10	260,029.00		260,029.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations:					
Fees and Permits	A-10	350,000.00		613,460.00	263,460.00
Public and Private Revenues Off-Set with Appropriations:					
Municipal Alliance Funds	A-25	12,672.00	2,000.00	14,672.00	-
Clean Communities Program	A-25		29,225.13	29,225.13	-
JCHC Contribution	A-25		20,000.00	20,000.00	-
Drive Sober or Get Pulled Over	A-25		4,400.00	4,400.00	-
Alcohol Education and Rehabilitation Fund	A-25		2,058.21	2,058.21	-
Body Armor Grant	A-25		3,696.62	3,696.62	-
Recycling Tonnage Grant	A-25		24,049.02	24,049.02	-
Bayer Contribution	A-25		33,500.00	33,500.00	-
Other Special Items:					
Interlocal Services Agreement - Board of Health	A-2	133,067.00		132,322.56	(744.44)
Municipal Court Shared Services - East Hanover	A-10	125,000.00		125,000.00	-
Hanover Sewerage Authority's Share of Administrative Costs	A-10	64,015.00	-	64,015.00	-
Total Miscellaneous Revenues	A-1	4,312,984.00	118,928.98	5,090,679.71	658,766.73
Receipts from Delinquent Taxes	A-1,2	350,000.00		548,584.74	198,584.74
Amount to be Raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	15,113,838.60	-	17,057,407.41	1,943,568.81
Budget Totals		23,526,822.60	118,928.98	26,446,671.86	2,800,920.28
Non-Budget Revenues	A-1,2	-	-	608,026.66	608,026.66
		$ 23,526,822.60	$ 118,928.98	$ 27,054,698.52	$ 3,408,946.94
	Ref.	A-3	A-3		

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

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

Analysis of Realized Revenue	Ref.		
Allocation of Current Year Collections :			
2013 Taxes Collected in 2012	A-7	$ 419,067.36	
2013 Taxes Collected in 2013	A-7	59,817,197.07	
State's Share of Senior Citizens' and Veterans' Deductions	A-7	136,823.97	
		60,373,088.40	
Less: Reserve for Tax Appeals Pending	A-19	1,500,000.00	
	A-1	58,873,088.40	
Allocated to School and County and Special District Taxes	A-24	44,809,982.59	
		14,063,105.81	
Add : Appropriation "Reserve for Uncollected Taxes	A-3	2,994,301.60	
Amount for Support of Municipal Budget Appropriations	A-2		$ 17,057,407.41
Receipts from Delinquent Taxes:			
Prior Years Taxes Collected in 2013	A-7	$ 543,968.65	
Tax Title Liens Collected in 2013	A-8	4,616.09	
	A-2		$ 548,584.74
Licenses - Other:			
Clerk	A-10	$ 4,845.00	
Health Administrator	A-10	44,586.00	
	A-2		$ 49,431.00
Fees and Permits - Other :			
Clerk	A-10	$ 5,276.83	
Board of Adjustment	A-10	16,150.00	
Planning Board	A-10	81,149.00	
Health Administrator	A-10	11,143.00	
Engineering	A-10	8,150.00	
Zoning Officer	A-10	32,255.00	
	A-2		$ 154,123.83

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

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONCLUDED)

Analysis of Realized Revenue (Continued)	Ref.		
Interlocal Services Agreement - Board of Health			
Received in 2013	A-10	$ 92,806.64	
Accounts Receivable - 4th Quarter	A-11	29,904.92	
Prepaid Revenue Applied	A-21	9,611.00	
	A-2		$ 132,322.56
Non-Budget Revenue:			
Interfund Accounts Receivable:			
Interest on Investments	A-12	4,701.48	
Police Service Admin. Fee	A-12	63,152.25	
			67,853.73
Treasurer:			
Interest on Investments		$ 23,658.04	
Cable Television Franchise Fee		139,384.00	
DMV Inspection Fees		8,195.50	
Insurance Dividend		98,262.00	
NSF Check Fees		380.00	
Senior Citizens' and Veterans' Deductions - 2% Administrative Fee		2,715.00	
Use of Parks		6,050.00	
Telephone Reimbursement - Employees		24.51	
Rent - T-Mobile, Verizon & Crown Atlantic		68,312.96	
Right of Way Fees		55,067.79	
MC Reimbursement/Traffic Light		654.77	
Community Center Proctor Fee		100.00	
Miscellaneous		79.63	
Prior Year Reimbursements - Other		127,166.32	
Total Treasurer			530,050.52
Clerk:			
False Alarms		$ 2,000.00	
Land Use Ordinances Sales		340.00	
Tax, Street and Zoning Maps		202.00	
Miscellaneous		1,855.41	
Bid Specs		5,725.00	
Total Clerk			10,122.41
	A-4		540,172.93
	A-2		$ 608,026.66

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

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Appropriations Budget	Budget After Modification	Expended Paid or Charged	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"						
GENERAL GOVERNMENT :						
General Administration						
Salaries and Wages		$ 657,500.00	$ 647,500.00	$ 645,233.97	$ 2,266.03	$ -
Other Expenses		171,100.00	173,100.00	170,736.74	2,363.26	
Human Resources (Personnel)						
Other Expenses		10,000.00	10,000.00	7,516.25	2,483.75	
Employee Assistance, Training & Testing						
Other Expenses		17,000.00	17,000.00	9,451.50	7,548.50	
Township Committee						
Salaries and Wages		30,600.00	30,600.00	30,600.00	-	
Municipal Clerk						
Other Expenses		6,000.00	6,000.00	5,304.60	695.40	
Financial Administration (Treasury)						
Salaries and Wages		232,900.00	232,900.00	226,583.49	6,316.51	
Other Expenses		29,000.00	29,000.00	21,545.72	7,454.28	
Audit Services						
Other Expenses		24,750.00	24,750.00	24,750.00	-	
Computer Network						
Other Expenses		31,000.00	36,000.00	30,177.39	5,822.61	
Revenue Administration (Tax Collection)						
Salaries and Wages		62,100.00	63,600.00	62,826.40	773.60	
Other Expenses		17,000.00	17,000.00	11,530.63	5,469.37	
Purchase of Tax Title Liens						
Other Expenses		10,000.00	-	-	-	
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses		1,000.00	-	-	-	
Tax Assessment Administration						
Salaries and Wages		44,600.00	42,100.00	41,570.96	529.04	
Other Expenses		135,000.00	135,000.00	29,569.82	105,430.18	
Legal Services (Legal Department)						
Other Expenses		280,000.00	355,000.00	305,538.23	49,461.77	
Engineering Services						
Salaries and Wages		424,500.00	395,000.00	391,149.13	3,850.87	
Other Expenses		15,000.00	15,000.00	11,795.75	3,204.25	
Acquisition of Rights of Way						
Other Expenses		5,000.00	5,000.00	-	5,000.00	
Economic Development Agencies						
Other Expenses		39,500.00	39,500.00	33,434.80	6,065.20	
Municipal Landmark Commission						
Other Expenses		1,800.00	3,800.00	2,825.16	974.84	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages		33,000.00	33,000.00	32,936.99	63.01	
Other Expenses:		58,500.00	58,500.00	56,551.58	1,948.42	
Zoning Board of Adjustment						
Salaries and Wages		33,000.00	33,000.00	32,936.99	63.01	
Other Expenses		12,800.00	12,800.00	12,199.92	600.08	

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations Budget	Budget After Modification	Expended Paid or Charged	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"						
Insurance						
General Liability		$ -	$ -	$ -	$ -	$ -
Workers Compensation		541,500.00	541,500.00	507,443.88	34,056.12	
Employee Group Health		2,751,000.00	2,676,000.00	2,455,813.71	220,186.29	
PUBLIC SAFETY FUNCTIONS:						
Police Department						
Salaries and Wages		4,021,300.00	3,971,300.00	3,933,192.87	38,107.13	
Other Expenses		161,483.00	161,483.00	159,922.31	1,560.69	
Traffic Signals						
Other Expenses		37,500.00	37,500.00	22,934.30	14,565.70	
Municipal Communications						
Other Expenses		79,638.00	79,638.00	52,548.98	27,089.02	
Office of Emergency Management						
Salaries and Wages		5,800.00	5,800.00	5,778.08	21.92	
Other Expenses		1,000.00	1,000.00	710.84	289.16	
Aid to Cedar Knolls First Aid Squad (40A:5-2)						
Other Expenses		-	-	-	-	
Municipal Prosecutor						
Salaries and Wages		29,500.00	29,500.00	28,545.08	954.92	
PUBLIC WORKS FUNCTIONS:						
Streets and Road Maintenance						
Salaries and Wages		1,137,400.00	1,331,400.00	1,307,044.49	24,355.51	
Other Expenses		205,900.00	205,900.00	205,667.32	232.68	
Demolition of Buildings						
Other Expenses		25,000.00	25,000.00	-	25,000.00	
Solid Waste Collection						
Salaries and Wages		524,700.00	497,200.00	479,540.74	17,659.26	
Other Expenses		34,350.00	34,350.00	28,765.87	5,584.13	
Recycling						
Other Expenses		170,000.00	170,000.00	170,000.00	-	
Street Lighting						
Other Expenses		7,500.00	7,500.00	-	7,500.00	
Buildings and Grounds						
Salaries and Wages		148,900.00	160,900.00	156,853.51	4,046.49	
Other Expenses		128,900.00	128,900.00	112,553.77	16,346.23	
Vehicle Maintenance						
Other Expenses		170,000.00	170,000.00	161,880.66	8,119.34	
Mosquito Extermination						
Other Expenses		2,000.00	-	-	-	
Community Services Act (Condominium Community)						
Other Expenses		13,000.00	13,000.00	9,268.46	3,731.54	
HEALTH AND HUMAN SERVICE FUNCTIONS:						
Public Health Services (Board of Health)						
Salaries and Wages		329,000.00	329,000.00	328,875.94	124.06	
Other Expenses		17,300.00	17,300.00	13,789.53	3,510.47	
Environmental Commission						
Salaries and Wages		1,000.00	1,000.00	150.02	849.98	
Other Expenses		2,600.00	2,600.00	2,118.89	481.11	
Animal Control						
Other Expenses		32,500.00	32,500.00	20,754.68	11,745.32	
Drug Awareness Council						
Other Expenses		2,250.00	2,250.00	-	2,250.00	

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"						
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs						
Salaries and Wages		$ 178,500.00	$ 169,000.00	$ 166,043.22	$ 2,956.78	$ -
Other Expenses		22,500.00	22,500.00	17,960.09	4,539.91	
Maintenance of Parks						
Salaries and Wages		348,400.00	345,400.00	342,183.35	3,216.65	
Other Expenses		73,000.00	73,000.00	63,175.26	9,824.74	
Senior Center Coordinator						
Salaries and Wages (Dial-A-Ride)		27,600.00	28,100.00	26,984.55	1,115.45	
Other Expenses (Dial-A-Ride)		200.00	200.00	84.00	116.00	
Other Expenses		10,000.00	10,000.00	9,149.10	850.90	
Community Center						
Salaries and Wages		10,400.00	16,400.00	12,428.15	3,971.85	
Other Expenses		14,450.00	14,450.00	13,015.76	1,434.24	
Cultural Arts Committee						
(Other Expenses		3,500.00	3,500.00	3,388.30	111.70	
Utility Expenses & Bulk Purchases						
Utilities						
Other Expenses		960,000.00	960,000.00	692,742.31	267,257.69	
Solid Waste Disposal Costs						
Other Expenses		505,000.00	505,000.00	463,458.67	41,541.33	
CODE ENFORCEMENT & ADMINISTRATION:						
Uniform Construction Code Enforcement Functions						
Salaries and Wages		447,900.00	415,400.00	409,908.25	5,491.75	
Other Expenses		29,500.00	29,500.00	9,583.23	19,916.77	
Celebration of Public Events						
Other Expenses		10,000.00	10,000.00	9,668.46	331.54	
Patriotic Celebration						
Other Expenses		15,000.00	15,000.00	15,000.00	-	
Memorial Day						
Other Expenses		5,000.00	5,000.00	4,972.60	27.40	
Municipal Court						
Salaries and Wages		170,600.00	125,100.00	121,800.04	3,299.96	
Other Expenses		12,000.00	12,000.00	7,594.44	4,405.56	
Public Defender (P.L. 1997, c.256)						
Salaries and Wages		8,800.00	8,800.00	3,591.47	5,208.53	
TOTAL OPERATIONS WITHIN ""CAP"		15,816,021.00	15,816,021.00	14,753,651.20	1,062,369.80	
CONTINGENT		10,000.00	10,000.00	-	10,000.00	
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"		15,826,021.00	15,826,021.00	14,753,651.20	1,072,369.80	
DETAIL :						
Salaries and Wages	A-1	8,908,000.00	8,912,000.00	8,786,757.69	125,242.31	
Other Expenses	A-1	6,918,021.00	6,914,021.00	5,966,893.51	947,127.49	
		15,826,021.00	15,826,021.00	14,753,651.20	1,072,369.80	

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"						
STATUTORY EXPENDITURES :						
Contribution to:						
Public Employees' Retirement System		$ 565,000.00	$ 565,000.00	$ 561,629.41	$ 3,370.59	$ -
Police and Firemen's Retirement System		660,000.00	660,000.00	656,359.00	3,641.00	
Defined Contribution Retirement Program		-	-	-	-	
Social Security System (O.A.S.I.)		510,000.00	510,000.00	488,704.46	21,295.54	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	1,735,000.00	1,735,000.00	1,706,692.87	28,307.13	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"		17,561,021.00	17,561,021.00	16,460,344.07	1,100,676.93	
OPERATIONS EXCLUDED FROM "CAP"						
Municipal Court						
Salaries and Wages		115,000.00	115,000.00	115,000.00	-	
Other Expenses		10,000.00	10,000.00	7,735.23	2,264.77	
Aid to Library (N.J.S.A. 40:54-25)						
Other Expenses		367,200.00	367,200.00	367,200.00	-	
Recycling Tax (P.L. 2007, c.311)						
Other Expenses		10,000.00	10,000.00	-	10,000.00	
Interlocal Municipal Services Agreements						
Board of Health						
Salaries and Wages		120,000.00	120,000.00	118,250.00	1,750.00	
Other Expenses		1,125.00	1,125.00	-	1,125.00	
Safe School Resource Specialist						
Other Expenses		40,000.00	40,000.00	40,000.00	-	
SFSP Fire District Payment						
Other Expenses		4,394.00	4,394.00	4,394.00	-	

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Canceled
OPERATIONS EXCLUDED FROM "CAP" (CONTINUED)						
Public and Private Programs Offset by Revenues (Continued):						
Alcohol Education & Rehabilitation Fund (Added by N.J.S.A. 40A:4-87)		$ -	$ 2,058.21	$ 2,058.21	$ -	$ -
Recycling Tonnange Grant (Added by N.J.S.A. 40A:4-87)		-	24,049.02	24,049.02	-	
Clean Communities Grant (Added by N.J.S.A. 40A:4-87)		-	29,225.13	29,225.13	-	
Municipal Alliance on Alcoholism and Drug Abuse ($2,000.00 Added by N.J.S.A. 40A:4-87)		12,672.00	14,672.00	14,672.00	-	
JCHC Contribution (Added by N.J.S.A. 40A:4-87)			20,000.00	20,000.00	-	
Bayer Health Care Corporation Donation (Added by N.J.S.A. 40A:4-87)		-	33,500.00	33,500.00		
Body Armour Grant (Added by N.J.S.A. 40A:4-87)		-	3,696.62	3,696.62	-	
Drive Sober or Get Pulled Over (Added by N.J.S.A. 40A:4-87)		-	4,400.00	4,400.00	-	
TOTAL OPERATIONS EXCLUDED FROM "CAP"		680,391.00	799,319.98	784,180.21	15,139.77	
DETAIL :						
Salaries and Wages	A-1	235,000.00	235,000.00	233,250.00	1,750.00	
Other Expenses	A-1	445,391.00	564,319.98	550,930.21	13,389.77	
		680,391.00	799,319.98	784,180.21	15,139.77	
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"						
Capital Improvement Fund		555,000.00	555,000.00	555,000.00	-	
Installation of Storm Drainage		30,000.00	30,000.00	30,000.00	-	
Purchase of Police Equipment		74,400.00	74,400.00	69,344.08	5,055.92	
Purchase of Parks and Playgrounds Equipment		10,000.00	10,000.00	10,000.00	-	
Improvements to Buildings and Grounds		228,500.00	228,500.00	18,685.00	209,815.00	
Construction of Sidewalks		15,000.00	15,000.00	12,338.50	2,661.50	
Road Construction and Reconstruction		937,500.00	937,500.00	720,276.81	217,223.19	
Purchase of Road Equipment		30,000.00	30,000.00	27,900.00	2,100.00	
Installation of Traffic Signals & Safety Equipment		43,000.00	43,000.00	-	43,000.00	
Purchase of Vehicles		118,800.00	118,800.00	115,851.43	2,948.57	
Purchase of Computers, Software & Office Equipment		30,000.00	30,000.00	26,818.87	3,181.13	
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	A-1	2,072,200.00	2,072,200.00	1,586,214.69	485,985.31	
DEFERRED CHARGES EXCLUDED FROM "CAP"						
Special Emergency Authorizations	A-1	71,200.00	71,200.00	71,200.00	-	
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAP"		71,200.00	71,200.00	71,200.00	-	

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TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Canceled
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	A-1	$ 147,709.00	$ 147,709.00	$ 147,709.00	$ -	$ -
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"		2,971,500.00	3,090,428.98	2,589,303.90	501,125.08	-
SUBTOTAL GENERAL APPROPRIATIONS		20,532,521.00	20,651,449.98	19,049,647.97	1,601,802.01	-
RESERVE FOR UNCOLLECTED TAXES		2,994,301.60	2,994,301.60	2,994,301.60	-	-
TOTAL GENERAL APPROPRIATIONS		$ 23,526,822.60	$ 23,645,751.58	$ 22,043,949.57	$ 1,601,802.01	$ -
					A	

	Ref.			
Adopted Budget	A-2	$ 23,526,822.60		
Appropriated by N.J.S.A.40A:4-87	A-2	118,928.98		
			$ 23,645,751.58	
Cash Disbursed	A-4		$ 19,025,707.55	
Less : Refunds	A-4		561,347.59	
				$ 18,464,359.96
Deferred Charges	A-13			71,200.00
Reserve for Encumbrances	A-15			382,487.03
Appropriated Reserve for Federal and State Grants	A-26			131,600.98
Reserve for Uncollected Taxes	A-2			2,994,301.60
				$ 22,043,949.57

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SECTION B

TRUST FUND

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TOWNSHIP OF HANOVER

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Assets	Ref.	December 31, 2013	December 31, 2012
Assessment Trust Fund:			
Cash - Treasurer	B-2	$ 54,035.08	$ 54,035.08
Animal Control Trust Fund :			
Cash - Treasurer	B-2	28,268.15	31,305.70
Amount Due From State of New Jersey	B-4	5.00	78.00
		28,273.15	31,383.70
Other Trust Funds :			
Cash - Treasurer	B-2	9,131,015.95	8,750,115.16
		$ 9,213,324.18	$ 8,835,533.94

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TOWNSHIP OF HANOVER

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

Liabilities, Reserves and Fund Balance	Ref.	December 31, 2013	December 31, 2012
Assessment Fund:			
Prepaid Assessments	B-3	$ 53,805.73	$ 53,805.73
Fund Balance	B-1	229.35	229.35
		54,035.08	54,035.08
Animal Control Fund:			
Interfund Accounts Payable	B-5	-	2,070.25
Amount Due To State of New Jersey	B-6	-	1.20
Reserve for Animal Control Trust Fund Expenditures	B-7	28,273.15	29,312.25
		28,273.15	31,383.70
Other Funds:			
Reserve for Special Deposits	B-8	9,131,015.95	8,750,115.16
		9,131,015.95	8,750,115.16
		$ 9,213,324.18	$ 8,835,533.94

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TOWNSHIP OF HANOVER

TRUST FUND

STATEMENT OF ASSESSMENT FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2012	B	$ 229.35
Balance December 31, 2013	B	$ 229.35

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SECTION C

GENERAL CAPITAL FUND

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Assets	Ref.	December 31, 2013	December 31, 2012
Cash - Treasurer	C-2	$ 2,759,103.75	$ 2,401,701.18
Federal and State Grants Receivable	C-4	493,110.00	367,160.00
		$ 3,252,213.75	$ 2,768,861.18
Liabilities, Reserves and Fund Balance			
Improvement Authorizations :			
Funded	C-6	$ 678,218.78	$ 463,500.86
Unfunded	C-6	-	-
Reserve for Encumbrances	C-7	759,177.28	303,538.00
Capital Improvement Fund	C-8	1,035,483.84	1,222,488.47
Reserve for Preliminary Costs	C-9	29,903.38	29,903.38
Reserve for Capital Projects	C-10	64,469.50	64,469.50
Reserve for Grants Receivable	C-11	300,000.00	300,000.00
Fund Balance	C-1	384,960.97	384,960.97
		$ 3,252,213.75	$ 2,768,861.18

There were no Bonds and Notes Authorized but not Issued as of December 31, 2013.

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2012	C	$ 384,960.97
Balance December 31, 2013	C	$ 384,960.97

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SECTION D

SWIMMING POOL ENTERPRISE FUND

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Assets	Ref.	December 31, 2013	December 31, 2012
Operating Fund:			
Cash - Treasurer	D-5	$ 223,659.64	$ 199,518.09
Total Operating Fund		223,659.64	199,518.09
Capital Fund:			
Cash - Treasurer	D-5	167,285.03	156,595.03
Fixed Capital	D-7	1,892,117.57	1,877,807.57
Total Capital Fund		2,059,402.60	2,034,402.60
		$ 2,283,062.24	$ 2,233,920.69
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,9	$ 20,762.32	$ 25,392.89
Reserve for Encumbrances	D-10	66.07	4,491.23
		20,828.39	29,884.12
Fund Balance	D-1	202,831.25	169,633.97
Total Operating Fund		223,659.64	199,518.09
Capital Fund:			
Capital Improvement Fund	D-12	142,422.11	131,732.11
Reserve for Amortization	D-13	1,892,117.57	1,877,807.57
Fund Balance	D-2	24,862.92	24,862.92
Total Capital Fund		2,059,402.60	2,034,402.60
		$ 2,283,062.24	$ 2,233,920.69

There were no Bonds and Notes Authorized but not Issued as of December 31, 2013.

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2013	Year 2012
Fund Balance Utilized	D-1,3	$ 10,000.00	$ 10,000.00
Swimming Pool Fees	D-3	253,257.75	260,109.50
Miscellaneous	D-3	19,085.67	22,471.19
Other Credits to Income :			
Unexpended Balance of Appropriation Reserves	D-9	25,392.89	36,766.17
Accounts Payable Canceled	D-10	460.97	450.88
Total Income		308,197.28	329,797.74
Expenditures			
Budgetary Appropriations:			
Operating	D-4	230,000.00	230,000.00
Capital Improvements	D-4	25,000.00	30,000.00
Statutory Expenditures	D-4	10,000.00	10,000.00
Total Expenditures		265,000.00	270,000.00
Excess in Revenue		43,197.28	59,797.74
Fund Balance January 1	D	169,633.97	119,836.23
		212,831.25	179,633.97
Decreased by:			
Utilization as Anticipated Revenue	D-1	10,000.00	10,000.00
Fund Balance December 31	D	$ 202,831.25	$ 169,633.97

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2012	D	$ 24,862.92
Balance December 31, 2013	D	$ 24,862.92

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	D-1	$ 10,000.00	$ 10,000.00	$ -
Swimming Pool Fees	D-1,3	250,000.00	253,257.75	3,257.75
Miscellaneous	D-1,3	5,000.00	19,085.67	14,085.67
	D-4	$ 265,000.00	$ 282,343.42	$ 17,343.42

Analysis of Realized Revenue	Ref.		
Swimming Pool Fees:			
Collected	D-3,5		$ 253,257.75
Miscellaneous :			
Interest Earned on Savings and Deposits		$ 575.17	
Aftercare Program		3,982.50	
Activities		1,713.00	
Swimming Lessons		7,990.00	
Cancellation Fee		20.00	
Concession Stand		4,800.00	
I.D. Photographs		5.00	
	D-3,5		$ 19,085.67

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

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Budget After Transfers	Expended: Paid or Charged	Expended: Reserve for Encumbrances	Reserved
Operating :						
Salaries and Wages		$ 115,000.00	$ 115,000.00	$ 114,316.75	$ -	$ 683.25
Other Expenses		115,000.00	115,000.00	96,109.63	66.07	18,824.30
Total Operating	D-1	230,000.00	230,000.00	210,426.38	66.07	19,507.55
Capital Improvements:						
Capital Improvement Fund	D-1	25,000.00	25,000.00	25,000.00		
Statutory Expenditures :						
Contribution to:						
Social Security System (O.A.S.I.)		10,000.00	10,000.00	8,745.23	-	1,254.77
	D-1	10,000.00	10,000.00	8,745.23	-	1,254.77
		$ 265,000.00	$ 265,000.00	$ 244,171.61	$ 66.07	$ 20,762.32
	Ref.	D-3		D-5	D-10	D

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

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SECTION E

PUBLIC ASSISTANCE FUNDS

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TOWNSHIP OF HANOVER

PUBLIC ASSISTANCE FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Assets	Ref.	December 31, 2013	December 31, 2012
Cash - Treasurer	E-1	$ 19,101.99	$ 19,091.27
Reserves			
Reserve for Public Assistance Fund No. 1	E-2	$ 19,101.99	$ 19,091.27

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

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SECTION F

GENERAL FIXED ASSETS ACCOUNT GROUP

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TOWNSHIP OF HANOVER

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -
REGULATORY BASIS

	December 31, 2013	December 31, 2012
General Fixed Assets:		
Land	$ 63,399,200.00	$ 38,081,600.00
Buildings	12,947,900.00	8,345,400.00
Equipment:		
Office Furniture and Equipment	369,257.00	368,172.00
Other Equipment	998,904.00	804,904.00
Machinery and Equipment	966,968.00	871,856.00
Vehicles and Vehicle Equipment	3,576,339.00	3,179,321.00
	$ 82,258,568.00	$ 51,651,253.00
Investments in General Fixed Assets	$ 82,258,568.00	$ 51,651,253.00

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

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NOTES TO FINANCIAL STATEMENTS

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Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Township Committee of the Township of Hanover have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

B. Reporting Entity

The Township of Hanover is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township of Hanover.

The primary criterion for including activities within the Township's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Township of Hanover. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Township of Hanover include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Hanover, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Hanover do not include the operations of the fire districts, volunteer fire and first aid squads or sewerage authority. Furthermore, the Township of Hanover is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

The accounting policies of the Township of Hanover conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hanover accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

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

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Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Swimming Pool Operating and Capital Funds – account for the operations and acquisition of capital facilities of the swimming pool enterprise fund.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Township of Hanover pursuant to Title 44 of New Jersey statutes.

General Fixed Asset Account Group – account for all the general fixed assets of the Township, other than those accounted for in the Swimming Pool fund. The Township's infrastructure is not reported in the account group.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Taxes, Swimming Pool Fees and Other Revenues – property taxes, swimming pool fees and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Hanover budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

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Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Operating Deficits – deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year, are recorded as deferred charges on the balance sheet of the respective operating funds at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid, however, municipalities may establish and budget reserve funds for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets as required by GAAP.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2013 statutory budget included a reserve for uncollected taxes in the amount of $2,994,301.60. To balance the budget, the municipality is permitted to utilize fund balance. The amounts of fund balance utilized to balance the 2013 statutory budgets were as follows:

Current Fund	$3,750,000.00
Swimming Pool Enterprise Fund - Operating Fund	10,000.00

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Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information

Transfers of line item amounts are permitted after November 1, and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2013 calendar year.

Budget Category	Amount
Engineering – Salaries and Wages	$ (29,500.00)
Police – Salaries and Wages	(50,000.00)
Construction Code – Salaries and Wages	(32,500.00)
Sanitation – Salaries and Wages	(25,000.00)
Group Insurance	(75,000.00)
Streets and Road Maintenance – Salaries and Wages	194,000.00
Buildings and Grounds – Salaries and Wages	12,000.00
Legal – Other Expenses	75,000.00
Municipal Court – Salaries and Wages	(45,500.00)
Purchase of Tax Title Liens	(10,000.00)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2013 calendar year.

Budget Category	Amount
Drive Sober or Get Pulled Over Grant	$4,400.00
Municipal Alliance Funds	2,000.00
Alcohol Education and Rehabilitation Program	2,058.21
Body Armor Fund	3,696.62
Recycling Tonnage Grant	24,049.02
Clean Communities Grant	29,225.13
JCHC Contribution	20,000.00
Bayer Contribution	33,500.00

The municipality 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 budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There was a five year special emergency appropriation approved during the 2011 calendar year in the amount of $356,000.00for the Revaluation Program and there were no emergency appropriations approved during the 2012 and 2013calendar years.

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Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Township of Hanover was last completed in 2011.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

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Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

3. Deferred Charges

The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

4. Fixed Assets

In accordance with N.J.A.C 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Township of Hanover has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by Silvio Esposito, Treasurer.

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

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

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.

Accounting for enterprise fund "fixed capital" remains unchanged under N.J.A.C 5:30-5.6.

Property and equipment purchased by the Swimming Pool Enterprise 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 balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the enterprise capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The enterprise does not record depreciation on fixed assets

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Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Township of Hanover's financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

Note II: Detailed Notes On All Funds

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2013 the Township of Hanover's cash and cash equivalent's amounted to $25,986,922.35. Of this amount, $500,000.00 was covered by federal depository insurance (F.D.I.C.) and $16,157,189.39 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot by accurately determined whether the total amount of $3,627,792.35 included in Developers Escrow deposits is covered.

At December 31, 2013 the Township of Hanover participation in the State of New Jersey Cash Management Fund amounted to $5,701,940.61.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2013 $9,329,732.96 of the Township of Hanover's cash and cash equivalents of $25,986,922.35 was exposed to custodial credit risk.

Investments

New Jersey statutes (N.J.S.A.) 40A:5-15.1) permits the Township of Hanover to purchase the following types of securities:

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name if the local unit;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligations that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

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Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Hanover had no investments as described in Note I:F.1. at December 31, 2013.

B. Property Taxes

The Township of Hanover is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash.

Property taxes receivable as of December 31, 2012 are composed of the following:

Year of Levy	Amount
2011	$ 2,103.88
2012	542,083.54
	$ 544,187.42

Property taxes receivable as of December 31, 2013 are composed of the following:

Year of Levy	Amount
2013	$530,582.93

C. Interfund Receivables and Payables

As of December 31, 2013 and December 31, 2012 there was one interfund receivable and payable between the Current Fund and the Animal Control Fund due to the statutory excess calculation.

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Note II: Detailed Notes On All Funds (Continued)

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, there were deferred charges shown on the current fund balance sheet for a special emergency authorization in the amount of $284,800.00 and at December 31, 2013 the amount is $213,600.00. $71,200.00 will be raised in each budget year from 2014-2016.

E. Leases

The Township of Hanover has commitments to lease copying equipment and shredders under operating leases which expire through 2017. Total operating lease payments made during the year ended December 31, 2012 were $12,805.20 and for the year ended December 31, 2013 were $15,824.25. Total future minimum lease payments are $21,143.28.

F. Debt

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

Summary of Municipal Debt

The Township of Hanover had no Municipal Debt for the years 2011, 2012 and 2013.

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%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	$ 7,799,195.92	$ 7,799,195.92	$ 000.00
Local School District Debt	2,675,000.00	2,675,000.00	000.00
General Debt	000.00	000.00	000.00
	$10,474,195.92	$10,474,195.92	$ 000.00

Net Debt $000.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $3,718,252,429.67 = 0%.

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Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

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

3 ½% of Equalized Valuation Basis (Municipal)	$130,138,835.04
Net Debt	000.00
Remaining Borrowing Power	$130,138,835.04

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

1. Bond Anticipation Notes

As of December 31, 2013 and December 31, 2012 the Township of Hanover had no Bond Anticipation Notes outstanding.

2. Bonds and Notes Authorized but not Issued

As of December 31, 2013 and December 31, 2012 the Township of Hanover had no bonds and notes authorized but not issued.

G. Fund Balances Appropriated

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

Current Fund	$4,425,000.00
Swimming Pool Enterprise Fund	10,000.00

Note III: Pension Plans

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer plans.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide pension coverage to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits.

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Note III: Pension Plans (Continued)

Description of Systems

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

According to the State of New Jersey Management Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-2095.

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of three highest years of compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the numbers of years of service.

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased the PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Chapter 78, P.L. 2011, effective June 28, 2011 implements changes to the PERS. PERS employee pension contribution rates will increase from 5.5% to 6.5% of salary

The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

The increase in the PERS employee contribution rate will also increase the minimum repayment amount for pension loans or the cost for a purchase of service credit if certified after the employee's increased contribution becomes effective.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

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Note III: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The various pension funds provide for employee contributions based on percentages ranging from 6.64 percent for PERS to 10.00 percent for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS.

During the year ended June 30, 2013, for PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

The Township's total payroll for the year ended December 31, 2012 was $8,930,388.41 and covered payroll was $4,860,186.00 for PERS and $2,686,586.00 for PFRS. The Township's total payroll for the year ended December 31, 2013 was $10,372,020.58 and covered payroll was $4,952,030.00 for PERS and $2,813,615.00 for PFRS. Contributions to the PERS and the PFRS for the last three years ended December 31 made by the employees and Township of Hanover were as follows:

		PERS	Percent of Covered Payroll	PFRS	Percent of Covered Payroll
Employees	12/31/11	281,745.31	5.75%	236,072.94	8.87%
	12/31/12	324,081.34	6.67%	273,829.01	10.19%
	12/31/13	338,318.97	6.83%	282,579.20	10.04%
Township of Hanover	12/31/11	609,190.00	12.44%	852,927.00	32.04%
	12/31/12	619,140.00	12.74%	688,788.00	25.64%
	12/31/13	558,563.00	11.28%	656,359.00	23.33%

Note IV: Township Provided Other Post-Employment Benefits (OPEB)

In order to be eligible to receive health insurance benefits upon retirement, all employees hired on or after January 1, 2001, and retiring in accordance with the provisions of the Public Employees Retirement System (PERS) or the Police and Firemen Retirement System (PFRS) following twenty-five (25) years service credit, must complete at least twenty (20) of the twenty-five (25) years of continuous service with the Township of Hanover.

The Township has complied with the provisions of GASB Statement No. 45 by virtue of its membership in the North Jersey Municipal Employees Benefit Fund and the actuarial valuation report prepared for its members by Aon Consulting, Somerset, New Jersey. The report shows an Annual Required Contribution of $2,519,500 for the years ending December 31, 2012 and 2013. The entire report is available for inspection by contacting the Township's Chief Financial Officer during regular business hours.

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Note V: Risk Management

The Township of Hanover 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.

The Township of Hanover is a member of the following joint insurance funds:

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND

This fund was created on January 1, 1987 in accordance with P.L. 1983, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes". The Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for the member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the Fund to its members:

a) Workers' Compensation and Employers' Liability
b) Liability Other than Motor Vehicles
c) Property Damage Other than Motor Vehicles
d) Motor Vehicle

The Morris County Municipal Joint Insurance Fund is also a member of the Municipal Excess Liability Joint Insurance Fund, which provides excess insurance for each of the coverages noted above, except for excess property coverage which is purchased by the Fund from a commercial carrier. Fund members are subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. The Fund considers anticipated investment income when determining if a deficiency exists.

A participating municipality must remain in the Fund for the full term of membership unless terminated earlier by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws. The Fund had 39 members at December 31, 2012 and has 42 members at December 31, 2013, all of which are municipalities.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

This Fund was created on December 16, 1986, in accordance with P.L. 1983, C. 372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes". The Fund had 577 members consisting of 382 municipalities, 162 authorities, 2 counties, 27 fire/first aid squads and 4 commissions at December 31, 2012 and has 585 members consisting of 383 municipalities, 167 authorities, 1 county, 32 fire/first aid squads and 2 commissions at December 31, 2013.

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Note V: Risk Management (Continued)

The following coverage's are offered by the Fund to its members:

a) Worker's Compensation and Employers' Liability
b) Liability Other than Motor Vehicles
c) Property Damage Other than Motor Vehicles
d) Motor Vehicle
e) Public Officials' Liability

Fund members are subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. The Fund considers anticipated investment income when determining if a deficiency exists.

A participating member must remain in the Fund for the full term of membership unless terminated earlier by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws.

NORTH JERSEY MUNICIPAL EMPLOYEES BENEFITS FUND

This Fund was created on January 1, 1993, in accordance with P.L. 1983, C. 372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes". The Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for the member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the Fund to its members:

a) Medical
b) Prescription
c) Dental

The initial members established the Fund for the purpose of containing medical costs. The Commissioners/Executive Committee of the Fund may approve subsequent membership by a two-thirds vote of the full authorized membership or may terminate any member by a majority vote, after proper notice has been given

Participating employees have an open enrollment period each year during the month of November, during which they may switch between available plans. The changes are effective at the beginning of the next calendar year. The fund has 25 members at December 31, 2012 and December 31, 2013.

Executive Directors/Administrators are responsible for the overall administration of the Funds. Fees paid to the Executive Directors encompass all administrative duties, which are performed at the Executive Director's offices. Accordingly, the Fund does not maintain any fixed assets or incur any payroll expense.

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Note VI: Segment Information – Utility/Enterprise Funds

The Township of Hanover maintains one utility/enterprise fund that provides swimming pool services. Segment information for the year ended December 31, 2012 and 2013 were as follows:

	Swimming Pool Enterprise Fund	
	2012	2013
Operating Revenues	$281,478.00	$271,768.25
Operating Expenses	240,000.00	240,000.00
Operating Income or (Loss)	41,478.00	31,768.25
Net Income or (Loss)	59,797.74	43,197.28
Fixed Assets:		
Additions	0.00	0.00
Net Working Capital	169,633.97	202,831.25
Total Operating Assets	199,518.09	223,659.64
Operating Fund Balance	169,633.97	202,831.25
Long Term Debt	0.00	0.00
Short Term Debt	0.00	0.00

Note VII: Accrued Sick and Vacation Benefits

The Township of Hanover does not have any provisions to allow employees to accumulate vacation from year to year that would result in an extraordinary payment to an individual upon termination of employment, nor is there any provision for payment of any unused sick time upon termination of employment.

The Township does have a contingent liability that is created by its termination leave allowance. It enables an employee to receive a certain number of days pay based upon years of service and unused sick time upon termination of employment followed by retirement into the pension system. The calculated liability is approximately $299,130.00 as of December 31, 2013 and was approximately $308,871.46 as of December 31, 2012. It is expected that the cost of such unpaid compensation would be included in the Township of Hanover's budget operating expenditures in the year in which it is used

Note VIII: Subsequent Event

The Township of Hanover has informed us that there are no matters that need to be disclosed from the balance sheet date through the date of this audit.

Note IX: Contingent Liabilities

The Township of Hanover is a defendant in a few lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

The Attorney has noted certain Tax Appeals with the State Tax Court. The Township has reserved $2,631,458.91 for any refunds that may result if the appeals are successful.

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SUPPLEMENTARY DATA

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

	Year 2013		Year 2012	
	Amount	%	Amount	%
Revenue and Other Income Realized				
Fund Balance Utilized	$ 3,750,000.00	5.30%	$ 2,933,750.00	4.30%
Miscellaneous-From Other than Local Property Tax Levies	7,604,065.87	10.74%	7,448,396.69	10.93%
Collection of Delinquent Taxes and Tax Title Liens	548,584.74	0.78%	506,740.73	0.74%
Collection of Current Tax Levy Total Income	58,873,088.40	83.18%	57,297,469.15	84.03%
	70,775,739.01	100.00%	68,186,356.57	100.00%
Expenditures				
Budget Expenditures:				
Municipal Purposes	20,651,449.98	31.46%	19,654,941.87	30.82%
County Taxes	9,947,106.88	15.15%	9,429,492.80	14.79%
Local and Regional School Taxes	32,790,816.00	49.94%	32,480,072.33	50.94%
Special District Taxes	1,894,000.00	2.88%	1,853,756.00	2.91%
Municipal Open Space Taxes	178,059.71	0.27%	175,134.26	0.27%
Other Expenditures	199,300.65	0.30%	174,241.08	0.27%
Total Expenditures	65,660,733.22	100.00%	63,767,638.34	100.00%
Statutory Excess	5,115,005.79		4,418,718.23	
Fund Balance January 1	5,875,818.67		4,390,850.44	
	10,990,824.46		8,809,568.67	
Less:				
Utilization as Anticipated Revenue	3,750,000.00		2,933,750.00	
Fund Balance December 31	$ 7,240,824.46		$ 5,875,818.67	

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COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - SWIMMING POOL ENTERPRISE OPERATING FUND

	Year 2013		Year 2012	
	Amount	%	Amount	%
Revenue and Other Income Realized				
Fund Balance Utilized	$ 10,000.00	3.24%	$ 10,000.00	3.03%
Collection of Swimming Pool Fees	253,257.75	82.18%	260,109.50	78.87%
Miscellaneous-From Other than Swimming Pool Fees	44,939.53	14.58%	59,688.24	18.10%
Total Income	308,197.28	101.00%	329,797.74	100.00%
Expenditures				
Budget Expenditures:				
Operating	230,000.00	86.80%	230,000.00	85.19%
Capital Improvements	25,000.00	9.43%	30,000.00	11.11%
Deferred Charges and Statutory Expenditures	10,000.00	3.77%	10,000.00	3.70%
Total Expenditures	265,000.00	100.01%	270,000.00	100.00%
Excess in Revenue	43,197.28		59,797.74	
Fund Balance January 1	169,633.97		119,836.23	
	212,831.25		179,633.97	
Less:				
Utilization as Anticipated Revenue	10,000.00		10,000.00	
Fund Balance December 31	$ 202,831.25		$ 169,633.97	

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tax Rate	$1.658	$1.630	$2.874	$2.761	$2.639	$2.539	$2.450	$2.340	$2.180	$2.080
Apportionment of Tax Rate										
Municipal	$0.438	$0.430	$0.756	$0.731	$0.673	$0.638	$0.605	$0.587	$0.537	$0.499
County	0.280	0.270	0.493	0.474	0.471	0.476	0.465	0.439	0.406	0.404
Local School	0.630	0.628	1.105	1.065	1.021	0.974	0.941	0.899	0.845	0.790
Regional High School	0.310	0.302	0.520	0.491	0.474	0.451	0.439	0.415	0.392	0.387

Assessed Valuation

2013	$3,488,946,800.00
2012	$3,495,869,387.00
2011	$1,974,169,160.00
2010	$1,998,041,809.00
2009	$2,013,787,492.00
2008	$2,039,915,715.00
2007	$2,031,454,261.00
2006	$2,027,074,460.00
2005	$2,026,835,617.00
2004	$2,042,548,810.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

		Currently	
Year	Tax Levy	Cash Collection	Percentage of Collection
2013	$ 60,987,071.87	$ 60,373,088.40	98.99%
2012	58,951,110.38	58,297,469.15	98.89%
2011	58,584,358.97	57,940,463.64	98.90%
2010	57,102,610.28	55,341,459.32	96.91%
2009	54,838,998.19	54,135,543.01	98.71%
2008	53,444,252.84	52,812,164.87	98.81%
2007	51,383,263.89	50,582,032.94	98.44%
2006	49,002,698.37	48,387,617.33	98.74%
2005	45,999,707.10	44,834,029.26	97.46%
2004	44,048,203.49	43,620,259.18	99.02%
2003	41,826,535.90	41,242,632.59	98.60%

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DELINQUENT TAXES AND TAX TITLE LIENS

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

Dec. 31 Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2013	$ 319,869.24	$ 530,582.93	$ 850,452.17	1.39%
2012	310,829.28	544,187.42	855,016.70	1.45%
2011	295,555.42	510,256.03	805,811.45	1.38%
2010	356,561.40	1,663,848.91	2,020,410.31	3.54%
2009	322,467.13	508,723.04	831,190.17	1.52%
2008	263,843.78	508,102.83	771,946.61	1.44%
2007	254,134.62	553,982.07	808,116.69	1.57%
2006	274,325.54	458,284.06	732,609.60	1.50%
2005	245,528.00	403,874.24	649,402.24	1.41%
2004	213,203.77	355,856.63	569,060.40	1.29%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2013	$ 3,437,200.00
2012	3,437,200.00
2011	3,437,200.00
2010	3,437,200.00
2009	3,437,200.00
2008	3,437,200.00
2007	3,437,200.00
2006	3,291,200.00
2005	3,291,200.00
2004	3,291,200.00

COMPARISON OF SWIMMING POOL ENTERPRISE FEES

Year	Levy	Cash Collection
2013	$ 253,257.75	$ 253,257.75
2012	260,109.50	260,109.50
2011	263,174.50	263,174.50
2010	256,304.50	256,304.50
2009	236,089.00	236,089.00
2008	250,228.00	250,228.00
2007	252,327.00	252,327.00
2006	247,308.50	247,308.50
2005	242,409.50	242,409.50
2004	248,687.10	248,687.10

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COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance Dec. 31	Utilized In Budget of Succeeding Year
Current Fund	2013	$ 7,240,824.46	$ 4,425,000.00
	2012	5,875,818.67	3,750,000.00
	2011	4,390,850.44	2,933,750.00
	2010	2,532,041.56	2,250,000.00
	2009	3,077,104.91	2,740,000.00
	2008	3,038,357.52	2,650,000.00
	2007	4,441,800.80	3,650,000.00
	2006	4,009,185.83	3,350,000.00
	2005	3,492,374.34	3,000,000.00
	2004	3,560,296.01	3,000,000.00
Swimming Pool Enterprise Operating Fund	2013	$ 202,831.25	$ 10,000.00
	2012	169,633.97	10,000.00
	2011	119,836.23	10,000.00
	2010	85,198.32	5,000.00
	2009	35,089.14	5,000.00
	2008	34,497.98	5,000.00
	2007	52,584.14	21,300.00
	2006	32,204.79	11,000.00
	2005	24,089.34	11,000.00
	2004	25,896.69	10,000.00

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OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title	Amount of Bond
Ronald Francioli	Mayor	
George Coppola	Committeeman	
John L. Ferramosca	Committeeman	
Robert Brueno Jr.	Committeeman	
Thomas Gallagher.	Committeeman	
Joseph A. Giorgio	Administrator/Township Clerk	
Silvio Esposito	Treasurer	
	Chief Financial Officer	
	Tax Collector	
	Tax Search Officer	
Catherine Iacouzzi	Deputy Township Clerk	
Brian O'Toole	Magistrate	
Andrea Contaldi	Court Administrator	
	Violations Clerk	
Fred C. Semrau, Esq.	Attorney	
Gerarado Maceira	Engineer	
Sean Donlon	Construction Code Official	
	Rehabilitation Director	
	Building Inspector	
	Zoning Officer	
George N. Van Orden	Health Administrator	
	Environmental Specialist	
	Registrar of Vital Statistics	
	Secretary of Board of Health	
Stephen Gallager	Chief of Police	
James Kreitz	Tax Assessor	
Denise Brennan	Superintendent of Recreation and Parks Administration	

There is a Faithful Performance Blanket Position Bond with the Joint Insurance Fund for $1,000,000.00.

Municipal Court personnel have "Courts" coverage under a Blanket Bond with the JIF for $50,000.00 each.

The Surety Bonds for the Tax Collector and Municipal Court personnel are in accordance with the Local Finance Board promulgated schedules.

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.		Current Fund		Federal and State Grants Fund
Balance December 31, 2012	A		$ 11,673,349.38		$ 198,211.26
Increased by Receipts:					
Sale of Assets	A-1	$ 208,713.00			
Miscellaneous Revenue Not Anticipated	A-2	540,172.93			
2013 Appropriation Credits	A-3	561,347.59			
State's Share of Senior Citizens' and Veterans' Deductions	A-6	142,800.00			
Taxes Receivable	A-7	60,361,165.72			
Tax Title Liens Receivable	A-8	4,616.09			
Revenue Accounts Receivable	A-10	4,919,562.81			
Other Accounts Receivable	A-11	197,144.45			
Interfund Accounts Receivable	A-12	67,853.73			
Prepaid Taxes	A-17	348,088.13			
Tax Overpayments	A-18	282,686.50			
Interest Earned on Taxes Pending State Appeals	A-19	398.67			
Reserve for Special Deposits	A-20	3,604.00			
Prepaid Revenues	A-21	9,174.00			
Amount Due to State of N.J.:					
Construction Code Surcharge Fees	A-22	45,379.00			
Board of Health Surcharge Fees	A-23	1,675.00			
State Aid Receivable	A-25	-		$ 129,080.04	
			67,694,381.62		129,080.04
			79,367,731.00		327,291.30

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF CASH - TREASURER
(CONCLUDED)

	Ref.		Current Fund		Federal and State Grants Fund
Decreased by Disbursements :					
2013 Budget Appropriations	A-3	$ 19,025,707.55		$ -	
Other Accounts Receivable	A-11	169,395.73			
2012 Appropriation Reserves	A-14	1,545,000.02			
Accounts Payable	A-16	514,033.68			
Tax Overpayments Refunded	A-18	124,274.31			
Reserve for Tax Appeals Pending	A-19	831,489.00			
Reserve for Special Deposits	A-20	3,604.00			
Amount Due to State of New Jersey:					
Construction Code Surcharge Fees	A-22	56,287.00			
Board of Health Surcharge Fees	A-23	1,650.00			
School, County and Special District Taxes	A-24	44,626,101.60			
Appropriated Reserves for Federal and State Grants	A-26			176,474.24	
Reserve for Encumbrances - Federal and State Grants	A-27	-		1,360.29	
			66,897,542.89		177,834.53
Balance December 31, 2013	A		$ 12,470,188.11		$ 149,456.77

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	Ref.	
Balance December 31, 2012	A	$ 225.00
Balance December 31, 2013	A	$ 225.00

Analysis of Balance December 31, 2013

Municipal Court	$200.00
Finance Department	25.00
	$ 225.00

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TOWNSHIP OF HANOVER

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

	Ref.		
Balance December 31, 2012	A		$ 24,659.56
Increased by :			
Senior Citizens' Deductions Disallowed by:			
Tax Collector - 2013 Taxes	A-6	2,676.03	
Received in Cash from State	A-4	142,800.00	
			145,476.03
			170,135.59
Decreased by :			
Senior Citizens' Deductions Per Tax Billings	A-6	18,500.00	
Veterans' Deductions Per Tax Billings	A-6	120,500.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-6	250.00	
Veterans' Deductions Allowed by Tax Collector	A-6	250.00	
			139,500.00
Balance December 31, 2013	A		$ 30,635.59

Calculation of State's of Senior Citizens' and Veterans' Deductions

Senior Citizens' Deductions per Tax Billings	A-6	$ 18,500.00	
Veterans' Deductions per Tax Billings	A-6	120,500.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-6	250.00	
Veterans' Deductions Allowed by Tax Collector	A-6	250.00	
			$ 139,500.00
Less:			
Senior Citizens' Deductions Disallowed by Tax Collector	A-6		2,676.03
	A-7		$ 136,823.97

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CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2013 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2012	Added Taxes	2013 Levy	Collected 2012	Collected 2013	State Share of Senior Citizens and Veterans' Deductions	Remitted and Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2013
2011	$ 2,103.88	$ -	$ -	$ -	$ 2,103.88	$ -	$ -	$ -	$ -
2012	542,083.54	-	-	-	541,864.77	-	218.77	-	0.00
	544,187.42	-			543,968.65		218.77	-	0.00
2013	-	-	60,987,071.87	419,067.36	59,817,197.07	136,823.97	69,744.49	13,656.05	530,582.93
	$ 544,187.42	$ -	$ 60,987,071.87	$ 419,067.36	$ 60,361,165.72	$ 136,823.97	$ 69,963.26	$ 13,656.05	$ 530,582.93
Ref.	A			A-2,17	A-2,4	A-2,6		A-8	A

Analysis of 2013 Property Tax Levy

Tax Yield :			
General Purpose Tax	$ 57,846,738.02		
Business Personality Tax	-		
		$ 57,846,738.02	
Special District Taxes		1,910,042.64	
Added Taxes (R.S. 54:4-63.1 et seq.)		1,230,291.21	
			$ 60,987,071.87
Tax Levy :			
County Taxes:			
County Tax (Abstract)	$ 9,744,824.65		
Amount Due to County for Added Taxes (54:4-63.1 et seq.)	202,282.23		
		$ 9,947,106.88	
Special District Taxes (Amount Certified)		1,894,000.00	
Local District School Tax (Abstract)		21,962,242.00	
Regional High School Tax (Abstract)		10,828,574.00	
Municipal Open Space Taxes		178,059.71	
Local Tax for Municipal Purposes (Abstract)	15,113,838.60		
Add : Additional Tax Levied	1,063,250.68		
		16,177,089.28	
			$ 60,987,071.87

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TOWNSHIP OF HANOVER

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2012	A		$310,829.28
Increased by :			
Interest and Costs - 2013 Tax Sale			
Transferred from Taxes Receivable	A-7	13,656.05	
			13,656.05
			324,485.33
Decreased by:			
Collected in 2013	A-2,4		4,616.09
Balance December 31, 2013	A		$319,869.24

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CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATIONS

	Ref.	
Balance December 31, 2012	A	$ 3,437,200.00
Balance December 31, 2013	A	$ 3,437,200.00

Analysis of Balance December 31, 2013

Block	Lot	
0601	6	$ 224,100.00
0801	4	93,300.00
0801	9	87,500.00
0803	1	64,200.00
0803	4	69,100.00
0903	11	10,500.00
0904	16	203,400.00
0905	16	153,500.00
1201	2	41,700.00
1201	7	775,000.00
1305	13	87,100.00
2201	11	146,000.00
3301	2	1,184,800.00
6202	2	72,500.00
6301	13	60,600.00
6301	16	88,300.00
7301	5	74,600.00
7703	44	1,000.00
		$ 3,437,200.00

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TOWNSHIP OF HANOVER

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2012	Accrued in 2013	Received in 2013	Balance Dec. 31, 2013
Clerk :					
Licenses - Alcoholic Beverages	A-2	$ -	$ 39,870.00	$ 39,870.00	$ -
Licenses - Other	A-2		4,845.00	4,845.00	
Fees and Permits - Other	A-2		5,276.83	5,276.83	
Board of Adjustment:					
Fees and Permits - Other	A-2		16,150.00	16,150.00	
Planning Board:					
Fees and Permits - Other	A-2		81,149.00	81,149.00	
Health Administrator:					
Licenses	A-2		44,586.00	44,586.00	
Fees and Permits - Other	A-2		11,143.00	11,143.00	
Construction Code Official:					
Fees and Permits	A-2		613,460.00	613,460.00	
Municipal Court:					
Fines and Costs	A-2	43,033.56	318,799.76	332,040.38	29,792.94
Engineering Permits	A-2		8,150.00	8,150.00	
Zoning Officer Permits	A-2		32,255.00	32,255.00	
Interest and Costs on Taxes	A-2		131,589.26	131,589.26	
Hotel/Motel Special Tax	A-2		1,023,996.70	1,023,996.70	
Energy Receipt Taxes	A-2		2,033,201.00	2,033,201.00	
Consolidated Municipal Property Tax Relief Aid	A-2		260,029.00	260,029.00	
Interlocal Services Agreement - Board of Health	A-2		92,806.64	92,806.64	
Interlocal Services Agreement - Municipal Court	A-2		125,000.00	125,000.00	
Hanover Sewerage Authority's Share of Administrative Costs	A-2	-	64,015.00	64,015.00	-
		$ 43,033.56	$ 4,906,322.19	$ 4,919,562.81	$ 29,792.94
	Ref.	A		A-4	A

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	Ref		
Balance December 31, 2012	A		$ 35,722.29
Increased by:			
Charges to Operations	A-4	$ 169,395.73	
Realized as 2013 Budget Revenue	A-2	29,904.92	
	A-1		199,300.65
			235,022.94
Decreased by:			
Received in 2013	A-1,4	197,144.45	
			197,144.45
Balance December 31, 2013	A		$ 37,878.49

Analysis of Balance December 31, 2013

Cedar Knolls Fire Department	$ 940.98
Whippany Fire Department	674.13
Hanover Sewerage Authority	119.43
Hanover Board of Education	6,239.03
Township of Morris	15,349.60
Township of Harding	14,555.32
	$ 37,878.49

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF INTERFUNDS ACCOUNTS RECEIVABLE

	Ref	Total	Animal Control Fund	Other Trust Fund	General Capital Fund
Balance December 31, 2012	A	2,070.25	$ 2,070.25	$ -	$ -
Increased by:					
Police Outside Duties Fees		63,152.25		63,152.25	
Interest Earned on Investments		2,631.23	-	1,671.05	960.18
		67,853.73	2,070.25	64,823.30	960.18
Decreased by:					
Received in 2013	A-2,4	67,853.73	2,070.25	64,823.30	960.18
Balance December 31, 2013	A	$ -	$ -	$ -	$ -

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TOWNSHIP OF HANOVER

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY AUTHORIZATION (40A:4-55)

Date	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2012	Raised in 2013 Budget	Balance Dec. 31, 2013
5/12/2011	Revaluation Program	$ 356,000.00	$ 71,200.00	$284,800.00	$71,200.00	$213,600.00
			Ref.	A	A-3	A

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

OPERATIONS WITHIN "CAP"	Balance Dec. 31, 2012	Transferred From Reserve for Encumbrances	Transfers	Balance After Transfers	Paid or Charged	Lapsed
Salaries and Wages :						
Administrative and Executive	$ 80,695.84	$ -	$ -	$ 80,695.84	$ -	$ 80,695.84
Financial Administration	1,270.15	-		1,270.15	-	1,270.15
Collection of Taxes	10,158.59	-		10,158.59	-	10,158.59
Assessment of Taxes	3,303.19	-		3,303.19	-	3,303.19
Engineering Services and Costs	11,744.82	-		11,744.82	-	11,744.82
Municipal Land Use Law (40:55D-1)						
Planning Board	7.87	-		7.87	-	7.87
Board of Adjustment	7.89	-		7.89	-	7.89
Police	390,525.93	-		390,525.93	299,981.34	90,544.59
Office of Emergency Management	159.96	-		159.96	-	159.96
Municipal Prosecutor	2,585.07	-		2,585.07	-	2,585.07
Road Repair and Maintenance	62,053.33	-		62,053.33	50,000.00	12,053.33
Solid Waste Collection	55,085.23	-		55,085.23	50,000.00	5,085.23
Buildings and Grounds	16,384.77	-		16,384.77	-	16,384.77
Board of Health	6,380.15	-		6,380.15	-	6,380.15
Environmental Commission	845.56	-		845.56	-	845.56
Recreation Commission (R.S. 40:12 to 12-8)	3,651.90	-		3,651.90	-	3,651.90
Maintenance of Parks	48,268.93	-		48,268.93	-	48,268.93
Senior Citizen Program (Dial-A-Ride)	979.25	-		979.25	304.06	675.19
Community Center	1,339.79	-		1,339.79	-	1,339.79
Uniform Construction Code:						
Construction Code Official	29,675.69	-		29,675.69	-	29,675.69
Elevator Sub-Code Official	666.85	-		666.85	-	666.85
Fire Sub-Code Official	1,281.50	-		1,281.50	-	1,281.50
Plumbing Sub-Code Official	662.08	-		662.08	-	662.08
Municipal Court	3,180.32	-		3,180.32	-	3,180.32
Public Defender	6,282.67	-		6,282.67	-	6,282.67
Other Expenses :						
Administrative and Executive	16,159.11	22,357.33		38,516.44	19,374.82	19,141.62
Employee Assistance, Training & Testing	5,529.61	-		5,529.61	688.00	4,841.61
Municipal Clerk	177.07	-		177.07	-	177.07
Financial Administration	6,338.76	873.87		7,212.63	2,978.09	4,234.54
Audit Services	-	24,250.00		24,250.00	24,250.00	-
Computer Network	4,836.29	657.03		5,493.32	1,059.06	4,434.26
Collection of Taxes	4,335.75	159.00		4,494.75	376.80	4,117.95
Liquidation of TTL's	1,000.00	-		1,000.00	-	1,000.00
Tax Assessment	116,034.69	-		116,034.69	18,500.00	97,534.69
Legal Services and Costs	79,044.92	-		79,044.92	24,540.91	54,504.01
Engineering Services and Costs	1,630.08	800.08		2,430.16	809.03	1,621.13
Acquisition of Rights-of-Way	5,000.00	-		5,000.00	-	5,000.00
Economic Development Agencies	14,438.29	571.84		15,010.13	1,224.48	13,785.65
Municipal Landmark Commission	97.34	1,025.00		1,122.34	1,122.34	-
Municipal Land Law (N.J.S.A. 40:55D-1)						
Planning Board	1,907.58	-		1,907.58	69.50	1,838.08
Board of Adjustment	1,073.03	-		1,073.03	14.60	1,058.43

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
(CONTINUED)

	Balance Dec. 31, 2012	Transferred From Reserve for Encumbrances	Transfers	Balance After Transfers	Paid or Charged	Lapsed
OPERATIONS WITHIN "CAP" (CONTINUED)						
Other Expenses: (Continued)						
Liability Insurance	$ 16,387.43	$ -		$16,387.43	$ 6,407.00	$ 9,980.43
Worker's Compensation Insurance	3,600.83	-		3,600.83	-	3,600.83
Group Insurance Plan for Employees	59,800.21	-		59,800.21	-	59,800.21
Police	1,776.02	12,097.91		13,873.93	13,275.93	598.00
Traffic Signals	3,325.40	10,914.10		14,239.50	11,714.10	2,525.40
Municipal Communication System	624.33	18,102.99		18,727.32	18,102.99	624.33
Emergency Management Services	300.68	-		300.68	-	300.68
Cedar Knolls First Aid Organization Contribution (40:5-2)	4,541.42	-		4,541.42	4,481.06	60.36
Streets and Road Maintenance	13,571.22	32,958.81		46,530.03	32,946.15	13,583.88
Demolition of Buildings	25,000.00	-		25,000.00	-	25,000.00
Street Lighting	7,500.00	-		7,500.00	-	7,500.00
Solid Waste Collection	740.44	1,136.48		1,876.92	1,459.62	417.30
Recycling	26,950.00	-		26,950.00	26,950.00	-
Buildings and Grounds	5,039.23	12,791.10		17,830.33	14,071.05	3,759.28
Vehicle Maintenance	77.42	9,940.30		10,017.72	8,894.19	1,123.53
Mosquito Extermination	2,000.00	-		2,000.00	-	2,000.00
Community Services Act	3,969.46	5,782.60		9,752.06	5,782.60	3,969.46
Board of Health	4,772.94	2,990.00		7,762.94	3,916.66	3,846.28
Drug Awareness Council	2,250.00	-		2,250.00	-	2,250.00
Environmental Commission	782.82	-		782.82	-	782.82
Animal Control	8,736.59	6,425.00		15,161.59	6,903.80	8,257.79
Recreation Commission (R.S. 40:12-1 to 12-8)	4,157.54	1,474.56		5,632.10	1,806.75	3,825.35
Senior Citizen Expenses:						
Transportation (Dial-A-Ride)	75.74	124.26		200.00	124.26	75.74
Other Expenses	396.23	4,819.20		5,215.43	4,819.20	396.23
Community Center	1,724.72	397.31		2,122.03	441.56	1,680.47
Cultural Arts Committee	293.83	-		293.83	64.80	229.03
Maintenance of Parks	7,187.72	4,472.22		11,659.94	4,606.74	7,053.20
Patriotic Celebration	93.40	-		93.40	-	93.40
Memorial Day (R.S. 40:48-5.4)	357.01	-		357.01	-	357.01
Celebration of Public Events, Anniversary or Holiday	10,000.00	-		10,000.00	-	10,000.00
Municipal Court	2,417.93	1,379.94		3,797.87	1,446.40	2,351.47
Utility and Bulk Purchases						
Other Expenses	238,320.25	25,797.30		264,117.55	52,618.96	211,498.59
Solid Waste Disposal Costs	28,854.64	37,531.55		66,386.19	37,436.35	28,949.84
Uniform Construction Code -						
Construction Code Official	2,638.41	-		2,638.41	270.46	2,367.95
Contingent	10,000.00	-		10,000.00	-	10,000.00
Public Employees' Retirement System	860.00	-		860.00	-	860.00
Police and Fireman's Retirement System	1,212.00	-		1,212.00	-	1,212.00
Defined Contribution Retirement Program	349.42	-		349.42	-	349.42
Social Security System (O.A.S.I.)	55,248.47	-		55,248.47	4,349.73	50,898.74

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
(CONCLUDED)

	Balance Dec. 31, 2012	Transferred From Reserve for Encumbrances	Transfers	Balance After Transfers	Paid or Charged	Lapsed
OPERATIONS EXCLUDED FROM "CAP"						
Salaries and Wages :						
Interlocal Services Agreement						
Board of Health	$ 7,243.00	$ -	$ -	$ 7,243.00	$ -	$ 7,243.00
Other Expenses :						
Recycling Tax	10,000.00	-		10,000.00	$ -	10,000.00
Board of Health	1,125.00	-		1,125.00	-	1,125.00
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP"						
Installation of Storm Drainage	5,217.40	-		5,217.40	-	5,217.40
Road Construction and Reconstruction	75,067.03	732,078.50		807,145.53	747,528.79	59,616.74
Construction of Sidewalks	10,024.80	-		10,024.80	-	10,024.80
Improvements to Buildings and Grounds	40,321.25	-		40,321.25	-	40,321.25
Purchase of Police Equipment	29,060.13	42,014.88		71,075.01	42,014.88	29,060.13
Installation of Traffic Signals	23,606.20	13,026.80		36,633.00	11,547.80	25,085.20
Purchase of Computers, Software & Office Equipment	11,953.62	3,422.70	-	15,376.32	6,955.16	8,421.16
	$ 1,764,352.03	$ 1,030,372.66	$ -	$ 2,794,724.69	$ 1,566,230.02	$1,228,494.67
Ref.	A	A-15				A-1

	Ref.	
Cash Disbursed	A-4	$ 1,545,000.02
Transferred to Accounts Payable	A-16	21,230.00
		$ 1,566,230.02

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TOWNSHIP OF HANOVER

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance December 31, 2012	A	$ 1,030,372.66
Increased by :		
Charges to 2013 Budget Appropriations	A-3	382,487.03
		1,412,859.69
Decreased by :		
Transferred to 2012 Appropriation Reserves	A-14	1,030,372.66
Balance December 31, 2013	A	$ 382,487.03

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	Ref.		
Balance December 31, 2012	A		$ 785,000.00
Increased by:			
Transferred from 2012 Appropriation Reserves	A-14		21,230.00
			806,230.00
Decreased by :			
Paid in 2013	A-4	$514,033.68	
Canceled in 2013	A-1	270,966.32	
			785,000.00
Balance December 31, 2013	A		$ 21,230.00

Analysis of Balance December 31, 2013

Police Security Sysytem	$ 21,230.00

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	Ref.	
Balance December 31, 2012	A	$ 419,067.36
Increased by :		
2014 Taxes Received in 2013	A-4	348,088.13
		767,155.49
Decreased by :		
Applied to Taxes Receivable	A-7	419,067.36
Balance December 31, 2013	A	$ 348,088.13

SCHEDULE OF TAX OVERPAYMENTS

	Ref.		
Balance December 31, 2012	A		$ 51,761.62
Increased by :			
Taxes Overpaid in 2013	A-4		282,686.50
			334,448.12
Decreased by:			
Canceled in 2013	A-1	$ 41.06	
Refunded in 2013	A-4	124,274.31	
			124,315.37
Balance December 31, 2013	A		$ 210,132.75

Analysis of Balance Available in Tax Collector's Office.

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS PENDING -
N.J. DIVISION OF TAX APPEALS (N.J.S.A. 54:3-27)

	Ref.		
Balance December 31, 2012	A		$ 1,962,549.24
Increased by :			
Contested Amount of 2013 Taxes Collected Which are Pending State Appeal	A-2	$ 1,500,000.00	
Interest Earned on Taxes Pending State Appeal	A-4	398.67	
			1,500,398.67
			3,462,947.91
Decreased by :			
Cash Paid to Appellants	A-4		831,489.00
Balance December 31, 2013	A		$ 2,631,458.91

SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS

	Ref.	
Balance December 31, 2012	A	$ -
Increased by:		
Received in 2013	A-4	3,604.00
		3,604.00
Decreased by:		
Paid in 2013	A-4	3,604.00
Balance December 31, 2013	A	$ -

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF PREPAID REVENUES

	Ref.	
Balance December 31, 2012	A	$ 9,611.00
Increased by:		
Received in 2013	A-4	9,174.00
		18,785.00
Decreased by:		
Applied in 2013	A-2	9,611.00
Balance December 31, 2013	A	$ 9,174.00

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CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
CONSTRUCTION CODE SURCHARGE FEES

	Ref.	
Balance December 31, 2012	A	$ 16,506.00
Increased by :		
Surcharge Fees Collected In 2013	A-4	45,379.00
		61,885.00
Decreased by:		
Paid in 2013	A-4	56,287.00
Balance December 31, 2013	A	$ 5,598.00

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CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
BOARD OF HEALTH SURCHARGE FEES

	Ref.	
Balance December 31, 2012	A	$ 275.00
Increased by :		
Surcharge Fees Collected In 2013	A-4	1,675.00
		1,950.00
Decreased by:		
Paid in 2013	A-4	1,650.00
Balance December 31, 2013	A	$ 300.00

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CURRENT FUND

SCHEDULE OF LOCAL AND REGIONAL SCHOOL, COUNTY AND SPECIAL DISTRICT TAXES

	Ref.	Balance Dec. 31, 2012	2013 Levy	Paid in 2013	Balance Dec. 31, 2013
Local District School Tax	A-2	$ -	$21,962,242.00	$21,962,242.00	$ -
Regional High School Tax	A-2	-	10,828,574.00	10,828,574.00	-
County Taxes	A-2		9,744,824.65	9,744,824.65	-
Amount Due to County for Added and Omitted Taxes:					
2013 Taxes	A-2		202,282.23	-	202,282.23
Prior Taxes		18,401.24	-	18,401.24	-
Municipal Open Space Taxes	A-2		178,059.71	178,059.71	-
Special District Taxes	A-2	-	1,894,000.00	1,894,000.00	-
		$ 18,401.24	$ 44,809,982.59	$ 44,626,101.60	$ 202,282.23
	Ref.	A	A-1	A-4	A

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TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF STATE AID RECEIVABLE

	Balance Dec. 31, 2012	2013 Budget Revenues	Received In 2013	Balance Dec. 31, 2013
Municipal Alliance Funds	$7,156.11	$ 14,672.00	$ 12,151.06	$9,677.05
Clean Communities Program		29,225.13	29,225.13	-
JCHC Contribution		20,000.00	20,000.00	-
Alcohol Education and Rehabilitation Fund		2,058.21	2,058.21	-
Body Armor Grant		3,696.62	3,696.62	-
Recycling Tonnage Grant		24,049.02	24,049.02	-
Bayer Contribution		33,500.00	33,500.00	-
Drive Sober or Get Pulled Over	-	4,400.00	4,400.00	-
	$ 7,156.11	$ 131,600.98	$ 129,080.04	$ 9,677.05
Re	A	A-2	A-4	A

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CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2012	2013 Budget Appropriations	Expended In 2013	Balance Dec. 31, 2013
Municipal Alliance Funds	$ 670.42	$ 14,672.00	$ 12,163.92	3,178.50
Clean Communities Program	19,529.54	29,225.13	30,855.63	17,899.04
JCHC Contribution		20,000.00	20,000.00	-
Alcohol Education and Rehabilitation Fund		2,058.21	2,058.21	-
Drunk Driving Enforcement Fund	60.21	-	60.21	-
Hazardous Discharge Site Remediation	62,706.22			62,706.22
Body Armor Grant	6,674.16	3,696.62	4,264.78	6,106.00
Recycling Tonnage Grant	114,366.53	24,049.02	79,488.71	58,926.84
Bayer Contribution		33,500.00	23,182.78	10,317.22
Drive Sober or Get Pulled Over	-	4,400.00	4,400.00	-
	$ 204,007.08	$ 131,600.98	$ 176,474.24	$ 159,133.82
Ref.	A	A-3	A-4	A

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TOWNSHIP OF HANOVER

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance December 31, 2012	A	$ 1,360.29
Decreased by:		
Paid in 2013	A-4	1,360.29
Balance December 31, 2013	A	$ -

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TOWNSHIP OF HANOVER

TRUST FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Assessment Fund	Animal Control Fund	Other Trust Funds
Balance December 31, 2012	B	$ 54,035.08	$ 31,305.70	$ 8,750,115.16
Increased by Receipts:				
Amount Due from State of New Jersey	B-4		73.00	
Interfund Accounts Payable	B-5		-	64,823.30
Amount Due to State of New Jersey	B-6		1,568.40	
Animal Control Collections	B-7		14,405.40	
Reserve for Special Funds	B-8	-	-	3,796,399.98
		-	16,046.80	3,861,223.28
		54,035.08	47,352.50	12,611,338.44
Decreased by Disbursements:				
Interfund Accounts Payable	B-5	-	2,070.25	64,823.30
Amount Due to State of New Jersey	B-6		1,569.60	
Animal Control Fund Administration Expenses	B-7		15,444.50	
Reserve for Special Funds	B-8	-	-	3,415,499.19
		-	19,084.35	3,480,322.49
Balance December 31, 2013	B	$ 54,035.08	$28,268.15	$ 9,131,015.95

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TOWNSHIP OF HANOVER

TRUST FUND
SCHEDULE OF PREPAID ASSESSMENTS

	Ref.	
Balance December 31, 2012	B	$53,805.73
Balance December 31, 2013	B	$53,805.73

SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY

	Ref.	
Balance December 31, 2012	B	$ 78.00
Decreased by:		
Received in 2013	B-2	73.00
Balance December 31, 2013	B	$ 5.00

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

			Amount Due to Current Fund	
	Ref.	Total	Animal Control Fund	Other Trust
Balance December 31, 2012	B	$ 2,070.25	$ 2,070.25	$ -
Increased by:				
Received in 2013	B-2	64,823.30	-	64,823.30
		66,893.55	2,070.25	64,823.30
Decreased by:				
Paid in 2013	B-2	66,893.55	2,070.25	64,823.30
Balance December 31, 2013	B	$ -	$ -	$ -

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TOWNSHIP OF HANOVER

TRUST FUND

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	Ref.	
Balance December 31, 2012	B	$ 1.20
Increased by :		
Animal Control Fees Collected	B-2	1,568.40
		1,569.60
Decreased by :		
Paid in 2013	B-2	1,569.60
Balance December 31, 2013	B	$ -

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TOWNSHIP OF HANOVER

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	Ref.		
Balance December 31, 2012	B		$ 29,312.25
Increased by :			
Animal Control Collections	B-2		14,405.40
			43,717.65
Decreased by :			
Animal Control Administrative Expenses	B-2	15,444.50	
			15,444.50
Balance December 31, 2013	B		$ 28,273.15

Maximum Reserve Per R.S. 4:19-15.11

Animal Control Collections - 2012	$ 14,830.60
Animal Control Collections - 2011	14,538.50
	$ 29,369.10

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TOWNSHIP OF HANOVER

TRUST FUND
SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS

	Ref.	Total	State Unemployment Insurance	Special Deposits	Open Space Trust	Forfeited Assets
Balance December 31, 2012	B	$ 8,750,115.16	$ 318,779.89	$ 7,869,962.44	$ 529,408.04	$ 31,964.79
Increased by :						
Interest Earned on Investments in 2013		6,547.17		6,448.52	98.65	
2013 Tax Levy		180,772.92			180,772.92	
Received in 2013		3,609,079.89	12,074.22	3,595,616.67	-	1,389.00
	B-2	3,796,399.98	12,074.22	3,602,065.19	180,871.57	1,389.00
		12,546,515.14	330,854.11	11,472,027.63	710,279.61	33,353.79
Decreased by :						
Paid in 2013	B-2	3,415,499.19	1,809.32	3,213,479.86	193,517.51	6,692.50
Balance December 31, 2013	B	$ 9,131,015.95	$ 329,044.79	$ 8,258,547.77	$ 516,762.10	$ 26,661.29

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2012	C		$ 2,401,701.18
Increased by Receipts:			
Federal and State Grants Receivable	C-4	$ 19,050.00	
Interfund Accounts Receivable	C-5	125,000.00	
Capital Improvement Fund	C-8	555,000.00	
Interfund Accounts Payable	C-12	960.18	
			700,010.18
			3,101,711.36
Decreased by Disbursements :			
Improvement Authorizations	C-6	78,128.50	
Reserve for Encumbrances	C-7	260,805.72	
Interfund Accounts Payable	C-12	3,673.39	
			342,607.61
Balance December 31, 2013	C		$ 2,759,103.75

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
ANALYSIS OF CASH AND INVESTMENTS

		Receipts		Disbursements		Transfers		
	Balance or (Deficit) Dec. 31, 2012	Budget Appropriations	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From	Balance or (Deficit) Dec. 31, 2013
Capital Improvement Fund	$ 1,222,488.47	$ 555,000.00	$ -	$ -	$ -	$ 29,995.37	$ 772,000.00	$ 1,035,483.84
Capital Fund Balance	384,960.97		-		-	-		384,960.97
Federal and State Grants Receivable	(367,160.00)		19,050.00				145,000.00	(493,110.00)
Interfund Accounts Receivable	-		125,000.00				125,000.00	-
Interfund Accounts Payable	-		960.18		3,673.39	2,713.21		-
Reserve for Grants Receivable	300,000.00					-		300,000.00
Reserve for Encumbrances	303,538.00				260,805.72	716,445.00	-	759,177.28
Reserve for Preliminary Expenses	29,903.38				-			29,903.38
Reserve for Road Projects	64,469.50		-			-	-	64,469.50
Improvement Authorizations :								
Ordinance Number								
1-05, 13-09 Police Firing Range	25,825.37			-			25,825.37	-
4-05, 15-08 Gravestone Restoration	1,795.00			-			-	1,795.00
6-06, 1-11 Preserve Steam Locomotive	197,950.00			9,500.00			-	188,450.00
14-07 Acquisition of 6301/17 Felts	2,713.21			-			2,713.21	-
17-07 Bee Meadow Park Culvert	36,600.00			-				36,600.00
-08, 25-08 Acquisition of 3002/9 Kret	3,000.00			-			3,000.00	-
13-08 Various Capital Projects - 2008	89,986.92			52,792.50				37,194.42
14-10 Various Capital Projects - 2010	29,460.36			-				29,460.36
20-12 Traffic Signal Controller	1,170.00			-			1,170.00	-
21-12 Police Department Boiler	75,000.00			-			9,850.00	65,150.00
6-13 Digital Imaging Minute Books				-		12,000.00		12,000.00
23-13 Articulated Truck				-		500,000.00	432,745.00	67,255.00
24-13 Police Firearms				11,936.00		20,000.00		8,064.00
26-13 DPW Overhead Doors				3,900.00		80,000.00	9,750.00	66,350.00
27-13 DPW Generator				-		110,000.00		110,000.00
28-13 Municipal Building Generator				-		50,000.00		50,000.00
30-13 Resurfacing of Melanie Lane	-	-	-	-	-	270,000.00	264,100.00	5,900.00
	$ 2,401,701.18	$ 555,000.00	$ 145,010.18	$ 78,128.50	$ 264,479.11	$ 1,791,153.58	$ 1,791,153.58	$ 2,759,103.75

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Ref.	
Balance December 31, 2012	C	$ 367,160.00
Increased by:		
Awarded in 2013:		
Improvement Authorization	C-6	145,000.00
		512,160.00
Decreased by :		
Received in 2013	C-2	19,050.00
Balance December 31, 2013	C	$ 493,110.00

Schedule of Grants Receivable December 31, 2013

Department of Transportation (Enhancement Program)	$ 48,110.00
Department of Transportation (Melanie Lane)	145,000.00
Green Acres	300,000.00
	$ 493,110.00

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Ref.	
Increased by :		
Appropriated to Finance Improvement Authorization	C-6	$ 125,000.00
Decreased by:		
Received in 2013	C-2	$ 125,000.00

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Ordinance Number	Ordinance Amount	Balance Dec. 31, 2012 Funded	Balance Dec. 31, 2012 Unfunded	2013 Authorizations	Expended	Reserve for Encumbrances	Ordinances Canceled	Balance Dec. 31, 2013 Funded	Balance Dec. 31, 2013 Unfunded
General Improvements:										
Police Firing Range	11-05, 13-09	$ 208,000.00	$ 25,825.37	$ -	$ -	$ -	$ -	$25,825.37	$ -	$ -
Gravestone Restoration	24-05, 15-08	20,000.00	1,795.00						1,795.00	-
Preserve Steam Locomotive	6-06, 1-11	531,000.00	197,950.00			9,500.00			188,450.00	-
Acquisition of 6301/17 Felts	14-07	90,000.00	2,713.21					2,713.21	-	-
Bee Meadow Park Culvert	17-07	60,000.00	36,600.00			-			36,600.00	-
Acquisition of 3002/9 Kret	1-08, 25-08	328,000.00	3,000.00					3,000.00	-	-
Various Capital Projects - 2008	13-08	145,450.00	89,986.92			52,792.50			37,194.42	-
Various Capital Project - 2010	14-10	902,000.00	29,460.36			-			29,460.36	-
Purchase of Traffic Signal Controller	20-12	16,000.00	1,170.00					1,170.00	-	-
Purchase of Boiler- Police Department	21-12	75,000.00	75,000.00				9,850.00		65,150.00	
Digital Imaging Minute Books	6-13	12,000.00			12,000.00				12,000.00	
Articulated Truck	23-13	500,000.00			500,000.00		432,745.00		67,255.00	
Police Firearms	24-13	20,000.00			20,000.00	11,936.00			8,064.00	
DPW Overhead Doors	26-13	80,000.00			80,000.00	3,900.00	9,750.00		66,350.00	
DPW Generator	27-13	110,000.00			110,000.00				110,000.00	
Municipal Building Generator	28-13	50,000.00			50,000.00				50,000.00	
Resurfacing of Melanie Lane	30-13	270,000.00	-	-	270,000.00	-	264,100.00	-	5,900.00	-
			$463,500.86	$ -	$ 1,042,000.00	$ 78,128.50	$ 716,445.00	$32,708.58	$678,218.78	$ -
		Ref.	C	C		C-2	C-7		C	C

	Ref.		
Grants Receivable	C-4	$ 145,000.00	$ -
Interfund Accounts Receivable	C-5	125,000.00	-
Capital Improvement Fund	C-8	772,000.00	29,995.37
Interfund Accounts Payable	C-12	-	2,713.21
		$ 1,042,000.00	$32,708.58

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.		
Balance December 31, 2012	C		$ 303,538.00
Increased by:			
Improvement Authorization Charges in 2013	C-6		716,445.00
			1,019,983.00
Decreased by :			
Paid in 2013	C-2	$ 260,805.72	
			260,805.72
Balance December 31, 2013	C		$ 759,177.28

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2012	C		$ 1,222,488.47
Increased by:			
2013 Budget Appropriation	C-2	$ 555,000.00	
Improvement Authorizations Canceled in 2013	C-6	29,995.37	
			584,995.37
			1,807,483.84
Decreased by :			
Appropriated to Finance Improvement Authorizations	C-6		772,000.00
Balance December 31, 2013	C		$ 1,035,483.84

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PRELIMINARY EXPENSES

	Ref.	
Balance December 31, 2012	C	$ 29,903.38
Balance December 31, 2013	C	$ 29,903.38
Analysis of Balance December 31, 2013		
DPW/Parks Garage and Storage Facility		$ 29,903.38

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

	Ref.	
Balance December 31, 2012	C	$ 64,469.50
Balance December 31, 2013	C	$ 64,469.50

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TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

	Ref.	
Balance December 31, 2012	C	$300,000.00
Balance December 31, 2013	C	$300,000.00

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Ref.	Total	Current Fund	Trust Fund
Increased by :				
Interest Earned in 2013	C-2	$ 960.18	$ 960.18	$ -
Ordinances Cancelled	C-6	2,713.21	-	2,713.21
		3,673.39	960.18	2,713.21
Decreased by:				
Paid in 2013	C-2	$ 3,673.39	$ 960.18	$ 2,713.21

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2012	D	$ 199,518.09	$ 156,595.03
Increased by Receipts :			
Swimming Pool Fees	D-3	253,257.75	-
Miscellaneous	D-3	19,085.67	-
Capital Improvement Fund	D-12	-	25,000.00
		272,343.42	25,000.00
		471,861.51	181,595.03
Decreased by Disbursements :			
2013 Budget Appropriations	D-4	244,171.61	
Reserve for Encumbrances	D-10	4,030.26	
Improvement Authorizations	D-11	-	14,310.00
		248,201.87	14,310.00
Balance December 31, 2013	D	$ 223,659.64	$ 167,285.03

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
ANALYSIS OF CAPITAL CASH AND INVESTMENTS

		Balance Dec. 31, 2012	Receipts 2013 Budget Appropriations	Decreased by Improvement Authorizations	Transfers To	Transfers From	Balance Dec. 31, 2013
Fund Balance		$ 24,862.92	$ -	$ -	$ -	$ -	$ 24,862.92
Capital Improvement Fund		131,732.11	25,000.00		5,690.00	20,000.00	142,422.11
Improvement Authorizations :							
Ordinance Number							
11-13	Pool Improvements	-	-	14,310.00	20,000.00	5,690.00	-
		$ 156,595.03	$ 25,000.00	$ 14,310.00	$ 25,690.00	$ 25,690.00	$ 167,285.03

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2012	Transferred from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2013
Swimming Pool Facility	$ 1,309,052.50	$ 14,310.00	$ 1,323,362.50
Pool Filters	43,387.48		43,387.48
Hot Water Heater	11,610.63		11,610.63
Purchase of a Pool Cover	17,900.00		17,900.00
General Maintenance for Improvements	49,440.83		49,440.83
Pool Filtration System	409,388.63		409,388.63
Pool Drainage System	24,000.00		24,000.00
Connection to Sanitary Sewer System	13,027.50	-	13,027.50
	$ 1,877,807.57	$ 14,310.00	$ 1,892,117.57
Ref.	D	D-8	D

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Cancelled	Transferred to Fixed Capital	Balance Dec. 31, 2013
11-13	Pool Improvements	$ -	$ 20,000.00	$5,690.00	$14,310.00	$ -
	Ref.	D	D-11	D-11	D-7	D

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

	Balance Dec. 31, 2012	Lapsed
Operating:		
Salaries and Wages	$ 4,029.57	$ 4,029.57
Other Expenses	19,852.56	19,852.56
Statutory Expenditures:		
Contribution to:		
Social Security System (O.A.S.I.)	1,510.76	1,510.76
	$25,392.89	$25,392.89
Ref.	D	D-1

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.		
Balance December 31, 2012	D		$ 4,491.23
Increased by:			
Charges to 2013 Budget	D-4		66.07
			4,557.30
Decreased by:			
Paid in 2013	D-5	$ 4,030.26	
Canceled in 2013	D-1	460.97	
			4,491.23
Balance December 31, 2013	D		$ 66.07

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2012 Funded	Balance Dec. 31, 2012 Unfunded	2013 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2013 Funded	Balance Dec. 31, 2013 Unfunded
11-13	Pool Improvements	3/28/13	$ 20,000.00	$ -	$ -	$ 20,000.00	$14,310.00	$5,690.00	$ -	$ -
			Ref.	D	D	D-8	D-5	D-8	D	D

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2012	D		$ 131,732.11
Increased by:			
2013 Budget Appropriation	D-5	$25,000.00	
Improvement Authorizations Canceled in 2013	D-14	5,690.00	
			30,690.00
			162,422.11
Decreased by:			
Appropriated to Finance Improvement Authorization	D-14		20,000.00
Balance December 31, 2013	D		$ 142,422.11

SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2012	D	$ 1,877,807.57
Increased by:		
Transfer from Deferred Reserve for Amortization	D-14	14,310.00
Balance December 31, 2013	D	$ 1,892,117.57

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TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Improvement Description		Balance Dec. 31, 2012	2013 Authorizations	Transferred to Reserve for Amortization	Canceled	Balance Dec. 31, 2013
11-13	Pool Improvements		$ -	$ 20,000.00	$ 14,310.00	$ 5,690.00	$ -
		Ref.	D	D-12	D-13	D-11	D

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TOWNSHIP OF HANOVER

PUBLIC ASSISTANCE FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	P.A.T.F. #1	Total
Balance December 31, 2012	E	$ 19,091.27	$ 19,091.27
Increased by Receipts:			
Interest Earned on Investments	E-3	10.72	10.72
Balance December 31, 2013	E	$ 19,101.99	$ 19,101.99

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TOWNSHIP OF HANOVER

PUBLIC ASSISTANCE FUNDS

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE FUND NO. 1

	Ref.	
Balance December 31, 2012	E	$ 19,091.27
Increased by:		
Interest Earned on Investments	E-1	10.72
Balance December 31, 2013	E	$ 19,101.99

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TOWNSHIP OF HANOVER

PUBLIC ASSISTANCE FUNDS
SCHEDULE OF REVENUES

	P.A.T.F. #1	Total
Interest Earned	$ 10.72	$ 10.72
Total Revenue and Receipts (P.A.T.F.)	$ 10.72	$ 10.72

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REPORTS PURSUANT TO GOVERNMENT AUDITING STANDARDS

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VMA

VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

The Honorable Mayor and
Members of the Township Committee
Township of Hanover
County of Morris, New Jersey

We have audited the financial statements of the Township of Hanover as of and for the years ended December 31, 2013 and December 31, 2012, and have issued our report thereon dated June 20, 2014. In our report our opinion was qualified because the Township of Hanover prepares its financial statements using the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Hanover's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Hanover's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Hanover's internal control over financial reporting.

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 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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Hanover's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vincent M. Montanino
Registered Municipal Accountant
License No. CR000375

Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

June 20, 2014

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TOWNSHIP OF HANOVER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2013

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GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Effective April 17, 2000 N.J.S.A. 40A:11 (Local Public Contracts Law) is revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519) The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law

Effective July 1, 2010 the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is $26,000.00.

On May 17, 2002 the Township passed a resolution increasing the bid threshold to $25,000.00 and naming Joseph A. Giorgio as the Township's Qualified Purchasing Agent. On March 10, 2011 the Township passed a resolution increasing the bid threshold from $29,000.00 to $36,000.00.

It is pointed out that the governing body of the Township of Hanover has the responsibility of determining whether commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Township Attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. None were noted.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any goods or services" in excess of the statutory limit where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Legal, Engineering, Planning, Attorney, Architect, Appraisers, Hearing Officer, Animal Control, Various Consultants and Auditing Services.

The minutes indicate that resolutions were adopted and advertised authorizing the Awarding of Contracts or Agreements for "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5 (1) (A)ii for Expert Appraisal Services, Concert Series Production , Fireworks, Preparation of a Branding, Unification and Education Plan, Recodification of Township General and Land Use Legislation and Open Space Preservation Services.

The minutes indicate that bids were requested by public advertising for the following items: Sidewalks, Driveway Aprons and Curbs, Storm Sewer Inlets and Manholes, Reconstruction/Resurfacing of Various Roads, Running the Concession Stand, New Sports Flooring in the Community Center, Malapardis Park Improvements, Heavy Pre Wetting Systems, Sanitation Truck, Rock Salt, Vacuum Leaf Collector and Removal and Recycling of Fresh Uncomposted Leaves.

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the Township used contracts entered in to by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the following purchase was made through the use of State contracts: Portable Radios, Office Supplies, Equipment Rental and Online Auction Services.

Ordinance 11-91 adopted May 23, 1991, authorized the Township to enter into cooperative purchasing program with the County of Morris. On September 8, 2011 the Township by resolution extended its participation to September 30, 2016.

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COLLECTION OF INTEREST ON DELINQUENT TAXES

The statute provides 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 on January 1, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT FURTHER RESOLVED by the Township Committee of the Township of Hanover in the County of Morris and State of New Jersey, that N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law: and

BE IT FURTHER RESOLVED, the N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first $1,500.00 and allows an additional penalty of 6% be collected against a delinquency prior to the end of the calendar year.

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Hanover in the County of Morris and State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first $1,500.00 of taxes becoming delinquent after due date and 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, and additional penalty of 6% shall be charged against the delinquency.

2. Effective January 1, 2013, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

On January 1, 2013, the governing body also adopted the following resolution:

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Township Committee of the Township of Hanover, County of Morris, and State of New Jersey, that pursuant to the authority contained in R.S. 54:4-99, interest and penalties on any past due taxes, assessments, and other municipal charges due and owing on the primary residence only and presently delinquent from residents of the Township of Hanover of the ages of 65 and over, be and the same hereby are waived.

It appears from the examination of the Collector's records that interest was collected in accordance with the foregoing resolutions.

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DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2013 include taxes for the year 2013.

The last tax sale was held December 2, 2013 and was complete.

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

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

Year	Number of Liens
2013	3
2012	4
2011	3

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

Type	Number Mailed
Payments of 2014 Taxes	25
Payments of 2013 Taxes	25
Delinquent Taxes	25

The result of the test, which was made as of December 31, 2013, is not yet fully known, however the items that were returned were checked and in agreement with the Township's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

FINANCE

A review of the expenditures indicated transfers were required to provide sufficient appropriation balance for Streets and Road Maintenance Salary and Wages and Legal Services for Tax Appeals where costs were not exactly known until bills or other evidence were presented.

MUNICIPAL COURT

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Magistrate, Township Clerk and Division of Local Government Services. Comments and recommendations regarding the financial records maintained by the Court Administrator are covered in this report.

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TECHNICAL ACCOUNTING DIRECTIVES

The Division of Local Government Services has established three systems which are required by all local units. They are as follows:

1. Maintenance of an encumbrance accounting system (N.J.A.C. 5:30-5.2).
2. Fixed asset accounting and reporting system (N.J.A.C. 5:30-5.6).
3. General ledger accounting and record system (N.J.A.C. 5:30-5.7).

The Township has complied by implementing all three directives.

CHANGE ORDERS IN EXCESS OF 20 PERCENT

The Township Clerk has certified that no change orders were issued that would cause an originally awarded contract price to be exceeded by more than 20 percent (N.J.A.C. 5:30-11.1 et seq.).

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RECOMMENDATIONS

NONE

Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior years' findings and recommendations and corrective action was taken on all.

* * * * * * * * * * * * * * *

Should any questions arise as to our comments and recommendation or should you desire any assistance in implementing our recommendation please do not hesitate to call us.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Township officials during the course of the audit.

Vincent M. Montanino
Registered Municipal Accountant
License No. CR000375

Michael S. Zambito
Certified Public Accountant
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June 20, 2014

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