

TOWNSHIP OF HANOVER

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

TOWNSHIP OF HANOVER

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INDEPENDENT AUDITOR'S REPORT



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, 2015 and December 31, 2014, 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, 2015, 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 audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for our audit 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, 2015 and December 31, 2014 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, 2015 and December 31, 2014, 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, 2015, on the basis of accounting described in Note I.

Emphasis of Matter

As discussed in Note III to the financial statements, the Township of Hanover implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

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.

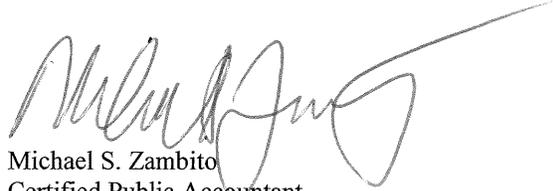
The supplemental information listed in the table of contents are the responsibility of management and were derived from the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated June 30, 2016 on 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 30, 2016

SECTION A
CURRENT FUND

TOWNSHIP OF HANOVER

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
General Fund:			
Cash - Treasurer	A-4	\$ 14,740,759.24	\$ 14,351,167.94
Change Fund	A-5	<u>225.00</u>	<u>225.00</u>
		<u>14,740,984.24</u>	<u>14,351,392.94</u>
Receivables and Other Assets With Full Reserves :			
Delinquent Property Taxes	A-7	406,537.60	402,704.84
Tax Title Liens	A-8	344,233.55	331,918.00
Property Acquired for Taxes - Assessed Valuation	A-9	2,165,300.00	3,437,200.00
Revenue Accounts Receivable	A-10	26,216.83	31,657.85
Other Accounts Receivable	A-11	53,455.66	36,866.40
Interfund Accounts Receivable	A-12	<u>-</u>	<u>1,598.30</u>
		<u>2,995,743.64</u>	<u>4,241,945.39</u>
Deferred Charges:			
Special Emergency Authorization	A-13	<u>71,200.00</u>	<u>142,400.00</u>
		<u>71,200.00</u>	<u>142,400.00</u>
		<u>17,807,927.88</u>	<u>18,735,738.33</u>
Federal and State Grants Fund :			
Cash - Treasurer	A-4	147,185.35	189,755.36
State Aid Receivable	A-25	<u>181,015.56</u>	<u>182,412.41</u>
		<u>328,200.91</u>	<u>372,167.77</u>
		<u>\$ 18,136,128.79</u>	<u>\$ 19,107,906.10</u>

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

TOWNSHIP OF HANOVER

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
General Fund:			
Liabilities :			
Appropriation Reserves	A-3,14	\$ 1,702,293.28	\$ 1,840,269.70
Amount Due to State for Senior Citizens' and Veterans' Deductions	A-6	24,504.08	25,545.86
Reserve for Encumbrances	A-15	572,337.39	954,503.89
Accounts Payable	A-16	84,623.18	47,369.60
Prepaid Taxes	A-17	373,748.52	367,559.02
Tax Overpayments	A-18	213,566.48	197,254.83
Reserve for Tax Appeals Pending	A-19	4,176,209.66	3,094,612.47
Prepaid Revenues	A-21	6,272.00	8,965.00
Amount Due to State of New Jersey:			
Construction Code Surcharge Fees	A-22	13,739.00	8,944.00
Board of Health Surcharge Fees	A-23	525.00	325.00
Local School and County Taxes Payable	A-24	37,696.95	109,388.44
		<u>7,205,515.54</u>	<u>6,654,737.81</u>
Reserve for Receivables and Other Assets		2,995,743.64	4,241,945.39
Fund Balance	A-1	<u>7,606,668.70</u>	<u>7,839,055.13</u>
		<u>17,807,927.88</u>	<u>18,735,738.33</u>
Federal and State Grants Fund :			
Appropriated Reserves	A-26	183,526.56	338,892.71
Reserve for Encumbrances	A-27	<u>144,674.35</u>	<u>33,275.06</u>
		<u>328,200.91</u>	<u>372,167.77</u>
		<u>\$ 18,136,128.79</u>	<u>\$ 19,107,906.10</u>

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

TOWNSHIP OF HANOVER

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
Fund Balance Utilized	A-2	\$ 4,425,000.00	\$ 4,425,000.00
Miscellaneous Revenue Anticipated	A-2	5,089,079.64	5,107,431.85
Receipts from Delinquent Taxes	A-2	397,900.44	525,198.86
Receipts from Current Taxes	A-2	61,790,420.82	60,591,166.70
Non - Budget Revenue	A-2	579,615.37	722,533.86
Other Credits to Income :			
Sale of Assets	A-4	11,439.13	8,190.30
Payment in Lieu of Taxes		-	19,460.00
Other Accounts Receivable	A-11	132,573.34	168,854.42
Unexpended Balance of Appropriation Reserves	A-14	1,541,567.98	1,468,480.79
Accounts Payable Canceled	A-16	37,700.00	2,254.00
Tax Overpayments Canceled	A-18	29.36	34.71
Total Income		<u>74,005,326.08</u>	<u>73,038,605.49</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	9,566,700.00	9,252,112.00
Other Expenses	A-3	7,347,026.00	7,034,864.00
Deferred Charges and Statutory			
Expenditures	A-3	1,820,500.00	1,930,424.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages	A-3	235,000.00	235,000.00
Other Expenses	A-3	658,539.75	757,515.20
Capital Improvements	A-3	2,190,100.00	2,721,800.00
Deferred Charges	A-3	71,200.00	71,200.00
Transferred to Board of Education	A-3	148,285.00	147,709.00

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

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

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
Other Accounts Receivable	A-11	\$ 149,162.60	\$ 167,842.33
County Taxes	A-24	9,815,481.84	9,407,532.84
County Share of Added and Omitted Taxes	A-24	37,388.95	109,261.44
Local School District Taxes	A-24	23,866,108.00	22,846,123.00
Regional High School District Taxes	A-24	11,625,725.00	11,154,902.00
Municipal Open Space Taxes	A-24	185,571.37	184,589.01
Special District Taxes	A-24	<u>2,095,924.00</u>	<u>1,994,500.00</u>
Total Expenditures		<u>69,812,712.51</u>	<u>68,015,374.82</u>
Statutory Excess		4,192,613.57	5,023,230.67
Fund Balance January 1	A	<u>7,839,055.13</u>	<u>7,240,824.46</u>
		12,031,668.70	12,264,055.13
Decreased by :			
Utilization as Anticipated Revenue	A-2	<u>4,425,000.00</u>	<u>4,425,000.00</u>
Fund Balance December 31	A	<u>\$ 7,606,668.70</u>	<u>\$ 7,839,055.13</u>

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Special 40A-4-87	Realized	Excess or (Deficit)
		Budget	\$			
Fund Balance Anticipated	A-1	\$ 4,425,000.00	\$	-	\$ 4,425,000.00	\$ -
Miscellaneous Revenues :						
Licenses :						
Alcohol Beverages	A-10	35,000.00			47,269.00	12,269.00
Other	A-2	40,000.00			46,208.00	6,208.00
Fees and Permits :						
Other	A-2	85,000.00			166,407.17	81,407.17
Fines and Costs:						
Municipal Court	A-10	300,000.00			387,264.30	87,264.30
Interest and Costs on Taxes	A-10	100,000.00			92,312.24	(7,687.76)
Hotel/Motel Special Tax	A-10	800,000.00			917,975.94	117,975.94
Energy Receipts Tax	A-10	2,033,201.00			2,127,774.00	94,573.00
Consolidated Municipal Property Tax Relief Aid	A-10	260,029.00			165,456.00	(94,573.00)
Dedicated Uniform Construction Code Fees Offset with Appropriations:						
Fees and Permits	A-10	350,000.00			709,562.40	359,562.40
Public and Private Revenues Off-Set with Appropriations:						
Municipal Alliance Funds	A-25	18,862.00		2,000.00	20,862.00	-
Clean Communities Program	A-25			33,325.98	33,325.98	-
3M Foundation Donation	A-25			2,550.00	2,550.00	-
JCHC Contribution	A-25			10,000.00	10,000.00	-
John Taylor Babbitt Foundation Donation	A-25			2,000.00	2,000.00	-
Drive Sober or Get Pulled Over	A-25			5,000.00	5,000.00	-
Alcohol Education and Rehabilitation Fund	A-25			2,593.06	2,593.06	-
Body Armor Grant	A-25			2,857.44	2,857.44	-
Bulletproof Vest Partnership Grant	A-25			1,872.27	1,872.27	-
Bayer Contribution	A-25			15,000.00	15,000.00	-
Other Special Items:						
Interlocal Services Agreement - Board of Health	A-2	134,557.00			133,774.84	(782.16)
Municipal Court Shared Services - East Hanover	A-10	125,000.00			135,000.00	10,000.00
Hanover Sewerage Authority's Share of Administrative Costs	A-10	64,015.00			64,015.00	-
Total Miscellaneous Revenues	A-1	4,345,664.00		77,198.75	5,089,079.64	666,216.89
Receipts from Delinquent Taxes	A-1,2	350,000.00			397,900.44	47,900.44
Amount to be Raised by Taxes for Support of Municipal Budget :						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	15,965,616.06		-	17,290,349.72	1,324,733.66
Budget Totals	A-1,2	25,086,280.06		77,198.75	27,202,329.80	2,038,850.99
Non-Budget Revenues					579,615.37	579,615.37
	Ref.	\$ 25,086,280.06	\$	77,198.75	\$ 27,781,945.17	\$ 2,618,466.36
		A-3		A-3		

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

	<u>Ref.</u>		
<u>Analysis of Realized Revenue</u>			
Allocation of Current Year Collections :			
2015 Taxes Collected in 2014	A-7	\$ 367,559.02	
2015 Taxes Collected in 2015	A-7	62,803,156.32	
State's Share of Senior Citizens' and Veterans' Deductions	A-7	<u>119,705.48</u>	
		63,290,420.82	
Less: Reserve for Tax Appeals Pending	A-19	<u>1,500,000.00</u>	
	A-1	61,790,420.82	
Allocated to School and County and Special District Taxes	A-24	<u>47,626,199.16</u>	
		14,164,221.66	
Add : Appropriation "Reserve for Uncollected Taxes	A-3	<u>3,126,128.06</u>	
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 17,290,349.72</u>
Receipts from Delinquent Taxes:			
Prior Years Taxes Collected in 2015	A-7	\$ 397,900.44	
Tax Title Liens Collected in 2015	A-8	<u>-</u>	
	A-2		<u>\$ 397,900.44</u>
Licenses - Other:			
Clerk	A-10	\$ 4,785.00	
Health Administrator	A-10	<u>41,423.00</u>	
	A-2		<u>\$ 46,208.00</u>
Fees and Permits - Other :			
Clerk	A-10	\$ 6,712.17	
Board of Adjustment	A-10	13,100.00	
Planning Board	A-10	84,380.00	
Health Administrator	A-10	10,920.00	
Engineering	A-10	11,200.00	
Zoning Officer	A-10	<u>40,095.00</u>	
	A-2		<u>\$ 166,407.17</u>

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONCLUDED)

<u>Analysis of Realized Revenue (Continued)</u>	<u>Ref.</u>		
Interlocal Services Agreement - Board of Health			
Received in 2015	A-10	\$ 94,771.14	
Accounts Receivable - 4th Quarter	A-11	30,038.70	
Prepaid Revenue Applied	A-21	<u>8,965.00</u>	
	A-2		<u>\$ 133,774.84</u>
<u>Non-Budget Revenue:</u>			
Interfund Accounts Receivable:			
Interest on Investments	A-12	\$ 1,849.30	
Animal Control Statutory Excess	A-12	1,598.30	
Police Service Admin. Fee	A-12	<u>52,952.00</u>	
			56,399.60
Treasurer:			
Interest on Investments		\$ 31,960.11	
Cable Television Franchise Fee		145,174.00	
DMV Inspection Fees		4,600.00	
Tax Collector - Miscellaneous		15,864.00	
Insurance Dividend		97,112.00	
NSF Check Fees		200.00	
Senior Citizens' and Veterans' Deductions - 2% Administrative Fee		2,373.27	
Use of Parks		4,930.00	
Telephone Reimbursement - Employees		21.67	
Rent - T-Mobile, Verizon & Crown Atlantic		90,196.16	
Right of Way Fees		74,553.96	
Community Center Proctor Fee		1,728.75	
Miscellaneous		1,840.35	
Prior Year Reimbursements - Other		<u>22,096.00</u>	
Total Treasurer			492,650.27
Clerk:			
False Alarms		\$ 15,832.00	
Tax, Street and Zoning Maps		40.00	
Miscellaneous		10,718.50	
Bid Specs		<u>3,975.00</u>	
Total Clerk			<u>30,565.50</u>
	A-4		<u>523,215.77</u>
	A-2		<u>\$ 579,615.37</u>

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"							
GENERAL GOVERNMENT :							
General Administration		\$ 678,400.00	\$ 676,400.00	\$ 655,001.73	\$ 21,398.27	\$ -	\$ -
Salaries and Wages		188,650.00	208,650.00	186,311.52	22,338.48		
Other Expenses		10,000.00	-	-	-		
Human Resources (Personnel)							
Other Expenses		15,400.00	15,400.00	12,045.30	3,354.70		
Employee Assistance, Training & Testing							
Other Expenses		31,900.00	31,900.00	31,835.00	65.00		
Township Committee							
Salaries and Wages		6,000.00	6,000.00	5,191.57	808.43		
Municipal Clerk							
Other Expenses		244,900.00	244,900.00	233,391.44	11,508.56		
Financial Administration (Treasury)		35,000.00	35,000.00	23,239.20	11,760.80		
Salaries and Wages		25,925.00	25,925.00	25,850.00	75.00		
Other Expenses		50,000.00	50,000.00	26,642.18	23,357.82		
Computer Network							
Other Expenses		64,600.00	64,600.00	63,925.27	674.73		
Revenue Administration (Tax Collection)		17,000.00	17,000.00	12,089.14	4,910.86		
Salaries and Wages		10,000.00	-	-	-		
Other Expenses		1,000.00	1,000.00	-	1,000.00		
Liquidation of Tax Title Liens and Foreclosed Property							
Other Expenses		46,400.00	46,400.00	43,371.15	3,028.85		
Tax Assessment Administration		137,250.00	137,250.00	88,909.12	48,340.88		
Salaries and Wages							
Other Expenses		299,000.00	329,000.00	292,793.52	36,206.48		
Legal Services (Legal Department)		464,300.00	404,300.00	352,425.40	51,874.60		
Other Expenses		15,000.00	15,000.00	14,268.53	731.47		
Engineering Services		5,000.00	-	-	-		
Salaries and Wages		16,700.00	16,700.00	2,289.99	14,410.01		
Other Expenses		10,000.00	10,000.00	9,158.60	841.40		
Acquisition of Rights of Way							
Other Expenses							
Economic Development Agencies		34,300.00	34,300.00	34,268.03	31.97		
Municipal Landmark Commission		59,400.00	59,400.00	45,995.72	13,404.28		
Other Expenses							
LAND USE ADMINISTRATION:							
Planning Board		34,300.00	34,300.00	34,268.02	31.98		
Salaries and Wages		13,650.00	13,650.00	13,218.19	431.81		
Other Expenses							
Zoning Board of Adjustment							
Salaries and Wages							
Other Expenses							

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP":							
Insurance							
General Liability		\$ 281,500.00	\$ 281,500.00	\$ 248,587.88	\$ 32,912.12	\$ -	
Workers Compensation		265,000.00	265,000.00	261,195.04	3,804.96		
Employee Group Health		2,731,040.00	2,681,040.00	2,613,843.83	67,196.17		
PUBLIC SAFETY FUNCTIONS:							
Police Department							
Salaries and Wages		4,196,200.00	4,191,200.00	4,147,005.12	44,194.88		
Other Expenses		222,186.00	222,186.00	208,743.20	13,442.80		
Traffic Signals							
Other Expenses		37,500.00	47,500.00	32,672.04	14,827.96		
Municipal Communications							
Other Expenses		110,000.00	110,000.00	104,206.27	5,793.73		
Office of Emergency Management							
Salaries and Wages		6,100.00	6,100.00	6,012.00	88.00		
Other Expenses		1,000.00	1,000.00	850.45	149.55		
Municipal Prosecutor							
Salaries and Wages		30,700.00	30,700.00	22,832.00	7,868.00		
PUBLIC WORKS FUNCTIONS:							
Streets and Road Maintenance							
Salaries and Wages		1,379,100.00	1,409,100.00	1,389,105.33	19,994.67		
Other Expenses		304,700.00	304,700.00	304,660.48	39.52		
Demolition of Buildings							
Other Expenses		60,000.00	60,000.00	43,660.00	16,340.00		
Solid Waste Collection							
Salaries and Wages		489,600.00	489,600.00	414,357.48	75,242.52		
Other Expenses		160,550.00	160,550.00	106,119.96	54,430.04		
Recycling							
Other Expenses		180,000.00	180,000.00	178,688.30	1,311.70		
Street Lighting							
Other Expenses		7,500.00	7,500.00	-	7,500.00		
Buildings and Grounds							
Salaries and Wages		177,200.00	177,200.00	167,041.86	10,158.14		
Other Expenses		133,400.00	138,400.00	137,825.52	574.48		
Vehicle Maintenance							
Other Expenses		227,475.00	227,475.00	225,840.21	1,634.79		
Mosquito Extermination							
Other Expenses		2,000.00	2,000.00	-	2,000.00		
Community Services Act (Condominium Community)							
Other Expenses		19,400.00	19,400.00	16,823.78	2,576.22		
HEALTH AND HUMAN SERVICE FUNCTIONS:							
Public Health Services (Board of Health)							
Salaries and Wages		364,900.00	364,900.00	349,653.77	15,046.23		
Other Expenses		17,850.00	17,850.00	15,553.40	2,296.60		
Environmental Commission							
Salaries and Wages		1,000.00	1,000.00	156.09	843.91		
Other Expenses		2,600.00	2,600.00	1,991.00	609.00		
Animal Control							
Other Expenses		30,000.00	30,000.00	18,172.21	11,827.79		
Drug Awareness Council							
Other Expenses		2,250.00	2,250.00	-	2,250.00		

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"						
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs		\$ 224,700.00	\$ 224,700.00	\$ 206,056.50	\$ 18,643.50	\$ -
Salaries and Wages		21,450.00	21,450.00	21,450.00	-	-
Other Expenses		388,500.00	403,500.00	396,432.63	7,067.37	
Maintenance of Parks		90,500.00	90,500.00	90,496.96	3.04	
Salaries and Wages		35,700.00	45,700.00	43,444.43	2,255.57	
Other Expenses		200.00	200.00	200.00	-	
Senior Center Coordinator		12,000.00	12,000.00	11,782.30	217.70	
Salaries and Wages (Dial-A-Ride)		14,000.00	14,000.00	12,500.45	1,499.55	
Other Expenses (Dial-A-Ride)		18,150.00	18,150.00	16,265.78	1,884.22	
Other Expenses		4,800.00	4,800.00	4,398.75	401.25	
Community Center						
Salaries and Wages						
Other Expenses						
Cultural Arts Committee						
Other Expenses						
Utility Expenses & Bulk Purchases						
Utilities						
Other Expenses		875,000.00	875,000.00	657,722.43	217,277.57	
Solid Waste Disposal Costs						
Other Expenses		530,000.00	530,000.00	418,306.07	111,693.93	
CODE ENFORCEMENT & ADMINISTRATION:						
Uniform Construction Code Enforcement Functions						
Salaries and Wages		480,700.00	480,700.00	422,493.85	58,206.15	
Other Expenses		29,500.00	29,500.00	10,896.84	18,603.16	
Celebration of Public Events						
Other Expenses		20,000.00	20,000.00	14,307.58	5,692.42	
Patriotic Celebration						
Other Expenses		17,500.00	17,500.00	17,500.00	-	
Memorial Day						
Other Expenses		5,000.00	5,000.00	5,000.00	-	
Municipal Court						
Salaries and Wages		187,100.00	182,100.00	152,268.22	29,831.78	
Other Expenses		12,000.00	12,000.00	9,025.17	2,974.83	
Public Defender (P.L. 1997, c.256)						
Salaries and Wages		9,100.00	9,100.00	1,919.50	7,180.50	
Other Expenses		16,930,726.00	16,903,726.00	15,734,753.30	1,168,972.70	
TOTAL OPERATIONS WITHIN "CAP"		10,000.00	10,000.00	-	10,000.00	
CONTINGENT						
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"		16,940,726.00	16,913,726.00	15,734,753.30	1,178,972.70	
DETAIL:						
Salaries and Wages	A-1	9,583,700.00	9,566,700.00	9,179,965.27	386,734.73	
Other Expenses	A-1	7,357,026.00	7,347,026.00	6,554,788.03	792,237.97	
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"		16,940,726.00	16,913,726.00	15,734,753.30	1,178,972.70	

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
		Budget	Budget After Modification		Charged	Reserved	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</u>							
STATUTORY EXPENDITURES:							
Contribution to:							
Public Employees' Retirement System		\$ 601,000.00	\$ 601,000.00	\$ 600,608.00	\$ 392.00	\$ -	
Police and Firemen's Retirement System		667,000.00	667,000.00	644,819.94	22,180.06		
Defined Contribution Retirement Program		7,500.00	12,500.00	2,284.43	10,215.57		
Social Security System (O.A.S.I.)		540,000.00	540,000.00	506,682.98	33,317.02		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	1,815,500.00	1,820,500.00	1,754,395.35	66,104.65		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"		18,756,226.00	18,734,226.00	17,489,148.65	1,245,077.35		
<u>OPERATIONS EXCLUDED FROM "CAP"</u>							
Municipal Court							
Salaries and Wages		115,000.00	115,000.00	115,000.00	-		
Other Expenses		10,000.00	10,000.00	8,580.01	1,419.99		
Insurance							
Employee Group Health		84,960.00	84,960.00		84,960.00		
Aid to Library (N.J.S.A. 40:54-25)							
Other Expenses		412,000.00	412,000.00	392,291.67	19,708.33		
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	120,000.00	-		
Other Expenses		1,125.00	1,125.00	-	1,125.00		
Safe School Resource Specialist							
Other Expenses		40,000.00	40,000.00	20,000.00	20,000.00		
SFSP Fire District Payment							
Other Expenses		4,394.00	4,394.00	4,394.00	-		

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

TOWNSHIP OF HANOVER

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	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)		\$ -	\$ 2,593.06	\$ 2,593.06	\$ -	\$ -
3M Foundation Donation (Added by N.J.S.A. 40A:4-87)			2,550.00	2,550.00	-	-
Clean Communities Grant (Added by N.J.S.A. 40A:4-87)			33,325.98	33,325.98	-	-
Bullet Proof Vest Partnership (Added by N.J.S.A. 40A:4-87)			1,872.27	1,872.27	-	-
John Babbitt Foundation Donation (Added by N.J.S.A. 4-87)			2,000.00	2,000.00	-	-
Municipal Alliance on Alcoholism and Drug Abuse (\$2,000.00 Added by N.J.S.A. 40A:4-87)		18,862.00	20,862.00	20,862.00	-	-
JCHC Contribution (Added by N.J.S.A. 40A:4-87)			10,000.00	10,000.00	-	-
Bayer Health Care Corporation Donation			15,000.00	15,000.00	-	-
Body Armor Grant (Added by N.J.S.A. 40A:4-87)			2,857.44	2,857.44	-	-
Drive Sober or Get Pulled Over (Added by N.J.S.A. 40A:4-87)		-	5,000.00	5,000.00	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAP"		816,341.00	893,539.75	766,326.43	127,213.32	
DETAIL :						
Salaries and Wages	A-1	235,000.00	235,000.00	235,000.00	-	-
Other Expenses	A-1	581,341.00	658,539.75	531,326.43	127,213.32	
		816,341.00	893,539.75	766,326.43	127,213.32	
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"						
Capital Improvement Fund		412,500.00	412,500.00	412,500.00	-	-
Installation of Storm Drainage		30,000.00	30,000.00	14,560.00	15,440.00	
Purchase of Police Equipment		86,500.00	108,500.00	108,500.00	-	-
Purchase of Parks and Playgrounds Equipment		19,000.00	19,000.00	7,800.00	11,200.00	
Improvements to Buildings and Grounds		194,100.00	194,100.00	14,478.50	179,621.50	
Construction of Sidewalks		25,000.00	25,000.00	8,216.00	16,784.00	
Road Construction and Reconstruction		1,080,000.00	1,080,000.00	1,037,158.18	42,841.82	
Purchase of Road Equipment		88,000.00	88,000.00	54,888.00	33,112.00	
Installation of Traffic Signals & Safety Equipment		13,000.00	13,000.00	6,384.00	6,616.00	
Purchase of Vehicles		160,000.00	160,000.00	157,420.76	2,579.24	
Purchase of Computers, Software & Office Equipment		60,000.00	60,000.00	38,191.95	21,808.05	
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	A-1	2,168,100.00	2,190,100.00	1,860,097.39	330,002.61	
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	-	-

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

SECTION B
TRUST FUND

TOWNSHIP OF HANOVER
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Assessment Trust Fund:			
Cash - Treasurer	B-2	\$ <u>54,035.08</u>	\$ <u>54,035.08</u>
Animal Control Trust Fund :			
Cash - Treasurer	B-2	23,346.70	30,834.30
Amount Due From State of New Jersey	B-4	<u>43.20</u>	<u>-</u>
		<u>23,389.90</u>	<u>30,834.30</u>
Other Trust Funds :			
Cash - Treasurer	B-2	<u>10,261,695.80</u>	<u>7,414,390.49</u>
		<u>\$ 10,339,120.78</u>	<u>\$ 7,499,259.87</u>

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

TOWNSHIP OF HANOVER
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Assessment Fund:			
Prepaid Assessments	B-3	\$ 53,805.73	\$ 53,805.73
Fund Balance	B-1	<u>229.35</u>	<u>229.35</u>
		<u>54,035.08</u>	<u>54,035.08</u>
Animal Control Fund:			
Interfund Accounts Payable	B-5	-	1,598.30
Reserve for Animal Control Trust			
Fund Expenditures	B-7	<u>23,389.90</u>	<u>29,236.00</u>
		<u>23,389.90</u>	<u>30,834.30</u>
Other Funds:			
Reserve for Special Deposits	B-8	<u>10,261,695.80</u>	<u>7,414,390.49</u>
		<u>10,261,695.80</u>	<u>7,414,390.49</u>
		<u>\$ 10,339,120.78</u>	<u>\$ 7,499,259.87</u>

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

TOWNSHIP OF HANOVER

B-1

TRUST FUND
STATEMENT OF ASSESSMENT FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	B	<u>\$ 229.35</u>
Balance December 31, 2015	B	<u>\$ 229.35</u>

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

SECTION C
GENERAL CAPITAL FUND

TOWNSHIP OF HANOVER
 GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Cash - Treasurer	C-2	\$ 2,606,019.21	\$ 2,082,980.13
Federal and State Grants Receivable	C-4	<u>594,400.00</u>	<u>356,280.00</u>
		<u>\$ 3,200,419.21</u>	<u>\$ 2,439,260.13</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations :			
Funded	C-6	\$ 1,548,181.34	\$ 552,431.81
Unfunded	C-6	-	-
Reserve for Encumbrances	C-7	602,086.26	209,841.85
Capital Improvement Fund	C-8	300,721.14	927,556.00
Reserve for Capital Projects	C-9	64,469.50	64,469.50
Reserve for Grants Receivable	C-10	300,000.00	300,000.00
Fund Balance	C-1	<u>384,960.97</u>	<u>384,960.97</u>
		<u>\$ 3,200,419.21</u>	<u>\$ 2,439,260.13</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2015.

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

TOWNSHIP OF HANOVER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 384,960.97</u>
Balance December 31, 2015	C	<u>\$ 384,960.97</u>

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

SECTION D

SWIMMING POOL ENTERPRISE FUND

TOWNSHIP OF HANOVER
 SWIMMING POOL ENTERPRISE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 236,601.21	\$ 231,603.37
Total Operating Fund		<u>236,601.21</u>	<u>231,603.37</u>
Capital Fund:			
Cash - Treasurer	D-5	73,909.11	151,783.84
Fixed Capital	D-7	2,194,300.00	1,892,117.57
Fixed Capital Authorized and Uncompleted	D-8	140,000.00	130,000.00
Total Capital Fund		<u>2,408,209.11</u>	<u>2,173,901.41</u>
		<u>\$ 2,644,810.32</u>	<u>\$ 2,405,504.78</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,9	\$ 6,427.07	\$ 21,840.06
Reserve for Encumbrances	D-10	3,440.00	3,225.00
		9,867.07	25,065.06
Fund Balance	D-1	226,734.14	206,538.31
Total Operating Fund		<u>236,601.21</u>	<u>231,603.37</u>
Capital Fund:			
Improvement Authorizations - Funded	D-11	44.02	87,250.00
Reserve for Encumbrances	D-12	1,580.06	2,248.81
Capital Improvement Fund	D-13	47,422.11	37,422.11
Reserve for Amortization	D-14	2,194,300.00	1,892,117.57
Deferred Reserve for Amortization	D-15	140,000.00	130,000.00
Fund Balance	D-2	24,862.92	24,862.92
Total Capital Fund		<u>2,408,209.11</u>	<u>2,173,901.41</u>
		<u>\$ 2,644,810.32</u>	<u>\$ 2,405,504.78</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2015.

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

TOWNSHIP OF HANOVER

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
Fund Balance Utilized	D-1,3	\$ 10,000.00	\$ 10,000.00
Swimming Pool Fees	D-3	239,767.50	236,812.75
Miscellaneous	D-3	22,536.38	22,288.68
Other Credits to Income :			
Unexpended Balance of Appropriation Reserves	D-9	<u>14,891.95</u>	<u>16,105.63</u>
Total Income		<u>287,195.83</u>	<u>285,207.06</u>
 <u>Expenditures</u> 			
Budgetary Appropriations:			
Operating	D-4	227,000.00	236,500.00
Capital Improvements	D-4	20,000.00	25,000.00
Statutory Expenditures	D-4	<u>10,000.00</u>	<u>10,000.00</u>
Total Expenditures		<u>257,000.00</u>	<u>271,500.00</u>
Excess in Revenue		30,195.83	13,707.06
Fund Balance January 1	D	<u>206,538.31</u>	<u>202,831.25</u>
		236,734.14	216,538.31
Decreased by:			
Utilization as Anticipated Revenue	D-1	<u>10,000.00</u>	<u>10,000.00</u>
Fund Balance December 31	D	<u>\$ 226,734.14</u>	<u>\$ 206,538.31</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2014	D	<u>\$ 24,862.92</u>
Balance December 31, 2015	D	<u>\$ 24,862.92</u>

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

TOWNSHIP OF HANOVER
 SWIMMING POOL ENTERPRISE FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 10,000.00	\$ 10,000.00	\$ -
Swimming Pool Fees	D-1,3	235,000.00	239,767.50	4,767.50
Miscellaneous	D-1,3	<u>12,000.00</u>	<u>22,536.38</u>	<u>10,536.38</u>
	D-4	<u>\$ 257,000.00</u>	<u>\$ 272,303.88</u>	<u>\$ 15,303.88</u>
<u>Analysis of Realized Revenue</u>	<u>Ref.</u>			
Swimming Pool Fees:				
Collected	D-3,5		<u>\$ 239,767.50</u>	
Miscellaneous :				
Interest Earned on Savings and Deposits		\$ 512.13		
Swimming Lessons		8,512.00		
Aftercare Program		6,982.25		
Concession Stand		6,500.00		
Cancellation Fee		20.00		
I.D. Photographs		<u>10.00</u>		
	D-3,5		<u>\$ 22,536.38</u>	

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

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Budget After Transfers	Paid or Charged	Expended Reserve for Encumbrances	Reserved
Operating :						
Salaries and Wages		\$ 114,000.00	\$ 114,000.00	\$ 113,375.16	\$ -	\$ 624.84
Other Expenses		<u>113,000.00</u>	<u>113,000.00</u>	<u>105,084.57</u>	<u>3,440.00</u>	<u>4,475.43</u>
Total Operating	D-1	<u>227,000.00</u>	<u>227,000.00</u>	<u>218,459.73</u>	<u>3,440.00</u>	<u>5,100.27</u>
Capital Improvements:						
Capital Improvement Fund	D-1	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>-</u>	<u>-</u>
Statutory Expenditures :						
Contribution to:						
Social Security System (O.A.S.I.)	D-1	<u>10,000.00</u>	<u>10,000.00</u>	<u>8,673.20</u>	<u>-</u>	<u>1,326.80</u>
		<u>10,000.00</u>	<u>10,000.00</u>	<u>8,673.20</u>	<u>-</u>	<u>1,326.80</u>
	Ref.	<u>\$ 257,000.00</u>	<u>\$ 257,000.00</u>	<u>\$ 247,132.93</u>	<u>\$ 3,440.00</u>	<u>\$ 6,427.07</u>
		D-3		D-5	D-10	D

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

SECTION E
PUBLIC ASSISTANCE FUNDS

TOWNSHIP OF HANOVER
PUBLIC ASSISTANCE FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Cash - Treasurer	E-1	<u>\$ 19,132.55</u>	<u>\$ 19,113.02</u>
<u>Reserves</u>			
Reserve for Public Assistance Fund No. 1	E-2	<u>\$ 19,132.55</u>	<u>\$ 19,113.02</u>

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

SECTION F

GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
General Fixed Assets:		
Land	\$ 61,487,500.00	\$ 63,399,200.00
Land Improvements	11,020,000.00	12,947,900.00
Equipment	3,639,703.00	2,641,730.00
Vehicles	4,974,139.00	4,517,381.00
	<u>\$ 81,121,342.00</u>	<u>\$ 83,506,211.00</u>
Investments in General Fixed Assets	<u>\$ 81,121,342.00</u>	<u>\$ 83,506,211.00</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 2015 statutory budget included a reserve for uncollected taxes in the amount of \$3,126,128.06. To balance the budget, the municipality is permitted to utilize fund balance. The amounts of fund balance utilized to balance the 2015 statutory budgets were as follows:

Current Fund	\$4,425,000.00
Swimming Pool Enterprise Fund - Operating Fund	10,000.00

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 2015 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Engineering – Salaries and Wages	\$ (60,000.00)
Administration – Other Expenses	10,000.00
Management Study	(10,000.00)
Streets and Roads – Salaries and Wages	30,000.00
Group Insurance	(50,000.00)
Maintenance of Parks – Salaries and Wages	15,000.00
Senior Citizens Program – Dial a Ride S&W	10,000.00
Legal – Other Expenses	30,000.00
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 2015 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Drive Sober or Get Pulled Over Grant	\$ 5,000.00
Municipal Alliance Funds	2,000.00
Alcohol Education and Rehabilitation Program	2,593.06
Body Armor Fund	2,857.44
3M Foundation Donation	2,550.00
Bulletproof Vest Partnership	1,872.27
Clean Communities Grant	33,325.98
JCHC Contribution	10,000.00
Bayer Donation	15,000.00
John Babbitt Foundation Donation	2,000.00

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 \$356,000.00 for the Revaluation Program and will be raised in the next five budgets in equal installments of \$71,200.00 and there were no special emergency or emergency appropriations approved during the 2014 and 2015 calendar years.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 Acclaim Inventory, LLC.

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2015 the Township of Hanover's cash and cash equivalent's amounted to \$28,413,139.10. Of this amount, \$500,000.00 was covered by federal depository insurance (F.D.I.C.) and \$22,585,495.45 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 be accurately determined whether the total amount of \$5,293,330.28 included in Developers Escrow deposits is covered.

At December 31, 2015 the Township of Hanover's participation in the State of New Jersey Cash Management Fund amounted to \$34,313.37.

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, 2015 \$5,327,643.65 of the Township of Hanover's cash and cash equivalents of \$28,413,139.10 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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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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, 2015.

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, 2014 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2014	<u>\$402,704.84</u>

Property taxes receivable as of December 31, 2015 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2015	<u>\$406,537.60</u>

C. Interfund Receivables and Payables

As of December 31, 2015 there was no interfund receivables or payables and as of December 31, 2014 there was one interfund receivable and payable between the Current Fund and the Animal Control Fund due to the statutory excess calculation.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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, 2014, there were deferred charges shown on the current fund balance sheet for a special emergency authorization in the amount of \$142,400.00 and at December 31, 2015 the amount was \$71,200.00. \$71,200.00 will be raised in each budget year from 2015-2016.

E. Leases

The Township of Hanover has commitments to lease copying equipment and shredders under operating leases which expire through 2018. Total operating lease payments made during the year ended December 31, 2014 were \$10,242.77 and for the year ended December 31, 2015 was \$7,752.76. Total future minimum lease payments are \$8,007.75.

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 2013, 2014 and 2015.

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%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 11,579,908.90	\$ 11,579,908.90	\$ 000.00
Local School District Debt	2,120,000.00	2,120,000.00	000.00
General Debt	<u>000.00</u>	<u>000.00</u>	<u>000.00</u>
	<u>\$13,699,908.90</u>	<u>\$13,699,908.90</u>	<u>\$ 000.00</u>

Net Debt \$000.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,793,988,229.33 = 0%.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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)	\$132,789,588.03
Net Debt	<u>000.00</u>
Remaining Borrowing Power	<u>\$132,789,588.03</u>

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, 2015 and December 31, 2014 the Township of Hanover had no Bond Anticipation Notes outstanding.

2. Bonds and Notes Authorized but not Issued

As of December 31, 2015 and December 31, 2014 the Township of Hanover had no bonds and notes authorized but not issued.

G. Fund Balances Appropriated

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

Current Fund	\$5,500,000.00
Swimming Pool Enterprise Fund	10,000.00

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

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.

PERS

Summary of Significant Accounting Policies-

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PERS (Continued)

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

At December 31, 2015, the Township had a liability of \$16,620,407 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. The Township's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Township's proportion was 0.074039%, which was an increase of 0.001184% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township recognized pension expense of \$1,169,862.00. At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$396,505.00	
Changes of Assumptions	1,784,899.00	
Net difference between Projected and Actual Earnings on Pension Plan Investments		\$267,224.00
Changes in proportion and differences between Township Contributions and Proportionate Share of Contributions	364,430.00	
Township Contributions Subsequent to the Measurement Date	<u>636,542.00</u>	<u>0.00</u>
Total	<u>\$3,182,376.00</u>	<u>\$267,224.00</u>

\$636,542.00 shown as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2015, the plan measurement date is June 30, 2015) was recognized as a reduction of the net position liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$348,477.13
2017	348,477.13
2018	348,477.13
2019	555,005.77
2020	<u>313,742.84</u>
Total	<u>\$1,914,180.00</u>

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PERS (Continued)

	<u>6/30/14</u>	<u>6/30/15</u>
Collective Deferred Outflows of Resources	\$952,194,675.00	\$ 3,578,755,666.00
Collective Deferred Inflows of Resources	1,479,224,662.00	993,410,455.00
Collective Net Pension Liability (Non-State-Local Group)	18,722,735,003.00	22,447,996,119.00
Township's Portion of Net Pension Liability	13,640,491.00	16,620,407.00
Township's Proportion %	0.072855%	0.074039%

Actuarial Assumptions

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

Inflation	3.04%
Salary Increases:	
2012-2021	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is unlikely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PERS (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PERS (Continued)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	1% Decrease (<u>3.90%</u>)	Current Discount Rate (<u>4.90%</u>)	1% Increase (<u>5.90%</u>)
Township's proportionate share of the net pension liability	\$20,656,964	\$16,620,407	\$13,235,938

Pension Plan Fiduciary Net Position

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

During the year ended June 30, 2015, for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

PFRS

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

At December 31, 2015, the Township had a liability of \$15,663,664 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. The Township's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Township's proportion was 0.094039%, which was an increase of 0.010562% from its proportion measured as of June 30, 2014.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PFRS (Continued)

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

For the year ended December 31, 2015, the Township recognized pension expense of \$1,651,117.00. At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		\$135,104.00
Changes of Assumptions	\$2,891,902.00	
Net difference between Projected and Actual Earnings on Pension Plan Investments		272,612.00
Changes in proportion and differences between Township Contributions and Proportionate Share of Contributions	1,158,580.00	252,648.00
Township Contributions Subsequent to the Measurement Date	<u>764,399.00</u>	<u>0.00</u>
Total	<u>\$4,814,881.00</u>	<u>\$660,364.00</u>

\$764,399.00 shown as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2015, the plan measurement date is June 30, 2015) was recognized as a reduction of the net position liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$471,792.19
2017	471,792.19
2018	471,792.19
2019	773,576.56
2020	<u>295,232.87</u>
Total	<u>\$2,484,186.00</u>

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PFRS (Continued)

	<u>6/30/14</u>	<u>6/30/15</u>
Collective Deferred Outflows of Resources	\$472,261,128.00	\$ 3,075,206,294.00
Collective Deferred Inflows of Resources	1,283,652,103.00	433,559,708.00
Collective Net Pension Liability (Non-State-Local Group)	13,933,627,178.00	18,117,234,618.00
Township's Portion of Net Pension Liability	10,500,632.00	15,663,664.00
Township's Proportion %	0.083477%	0.094039%

Actuarial Assumptions

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

Inflation	3.04%
Salary Increases:	
2012-2021	2.60%-9.48% based on age
Thereafter	3.60%-10.48% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PFRS (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFR's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

PFRS (Continued)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 5.79%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
Township's proportionate share of the net pension liability	\$22,460,526	\$15,663,664	\$12,615,083

Contribution Requirements

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421 is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note III: Pension Plans (Continued)

Contribution Requirements (Continued)

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 7.06 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.

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, 2014 was \$9,746,529.68 and covered payroll was \$4,941,755.00 for PERS and \$3,006,557.00 for PFRS. The Township's total payroll for the year ended December 31, 2015 was \$10,081,894.65 and covered payroll was \$4,951,368.00 for PERS and \$3,171,758.00 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:

		<u>PERS</u>	Percent of Covered Payroll	<u>PFRS</u>	Percent of Covered Payroll
Employees	12/31/13	338,318.97	6.83%	282,579.20	10.04%
	12/31/14	342,042.57	6.92%	300,655.70	10.00%
	12/31/15	348,918.02	7.05%	323,287.30	10.19%
Township of Hanover	12/31/13	558,563.00	11.28%	656,359.00	23.33%
	12/31/14	538,868.00	10.90%	629,545.00	20.94%
	12/31/15	600,608.00	12.13%	641,161.00	20.21%

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TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 New Jersey Local Finance Notice 2007-15 and GASB Statement No. 45 by virtue of its membership in the Municipal Reinsurance Health Insurance Fund and the actuarial valuation report prepared for its members by Aon Consulting, Somerset, New Jersey. The report shows an Annual Required Contribution of \$3,011,934 for the year ending December 31, 2014. The entire report is available for inspection by contacting the Township's Chief Financial Officer during regular business hours. The report for the year ending December 31, 2015 was not available at time of Audit.

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 42 members at December 31, 2014 and has 41 members at December 31, 2015, all of which are municipalities.

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note V: Risk Management (Continued)

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 consists of 19 local Joint Insurance Funds (JIFs) representing various local governments in New Jersey which included 383 municipalities, 162 authorities, 1 counties, 36 fire/first aid squads and 2 commissions at December 31, 2014 and including 376 municipalities, 163 authorities, 1 county, 39 fire/first aid squads and 2 commissions at December 31, 2015.

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

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note V: Risk Management (Continued)

NORTH JERSEY MUNICIPAL EMPLOYEES BENEFITS FUND (Continued)

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 had 25 members at December 31, 2014 and has 24 members at December 31, 2015.

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.

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, 2014 and 2015 were as follows:

	<u>Swimming Pool Enterprise Fund</u>	
	<u>2014</u>	<u>2015</u>
Operating Revenues	\$258,509.75	\$261,791.75
Operating Expenses	246,500.00	237,000.00
Operating Income or (Loss)	12,009.75	24,791.75
Net Income or (Loss)	13,707.06	30,195.83
Fixed Assets:		
Additions	0.00	0.00
Net Working Capital	206,538.31	226,734.14
Total Operating Assets	231,603.37	236,601.21
Operating Fund Balance	206,538.31	226,734.14
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 \$391,377.00 as of December 31, 2015 and was approximately \$339,294.00 as of December 31, 2014. 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

TOWNSHIP OF HANOVER

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 \$4,176,209.66 for any refunds that may result if the appeals are successful.

SUPPLEMENTARY DATA

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 4,425,000.00	5.98%	\$ 4,425,000.00	6.06%
Miscellaneous-From Other than Local Property Tax Levies	7,392,004.82	9.99%	7,497,239.93	10.26%
Collection of Delinquent Taxes and Tax Title Liens	397,900.44	0.54%	525,198.86	0.72%
Collection of Current Tax Levy				
Total Income	<u>61,790,420.82</u>	<u>83.49%</u>	<u>60,591,166.70</u>	<u>82.96%</u>
	<u>74,005,326.08</u>	<u>100.00%</u>	<u>73,038,605.49</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	22,037,350.75	31.57%	22,150,624.20	32.57%
County Taxes	9,852,870.79	14.11%	9,516,794.28	13.99%
Local and Regional School Taxes	35,491,833.00	50.84%	34,001,025.00	49.99%
Special District Taxes	2,095,924.00	3.00%	1,994,500.00	2.93%
Municipal Open Space Taxes	185,571.37	0.27%	184,589.01	0.27%
Other Expenditures	<u>149,162.60</u>	<u>0.21%</u>	<u>167,842.33</u>	<u>0.25%</u>
Total Expenditures	<u>69,812,712.51</u>	<u>100.00%</u>	<u>68,015,374.82</u>	<u>100.00%</u>
Statutory Excess	4,192,613.57		5,023,230.67	
Fund Balance January 1	<u>7,839,055.13</u>		<u>7,240,824.46</u>	
	12,031,668.70		12,264,055.13	
Less:				
Utilization as Anticipated Revenue	<u>4,425,000.00</u>		<u>4,425,000.00</u>	
Fund Balance December 31	<u>\$ 7,606,668.70</u>		<u>\$ 7,839,055.13</u>	

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 10,000.00	3.48%	\$ 10,000.00	3.51%
Collection of Swimming Pool Fees	239,767.50	83.49%	236,812.75	83.03%
Miscellaneous-From Other than Swimming Pool Fees	<u>37,428.33</u>	<u>13.03%</u>	<u>38,394.31</u>	<u>13.46%</u>
Total Income	<u>287,195.83</u>	<u>100.00%</u>	<u>285,207.06</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	227,000.00	88.33%	236,500.00	87.11%
Capital Improvements	20,000.00	7.78%	25,000.00	9.21%
Deferred Charges and Statutory Expenditures	<u>10,000.00</u>	<u>3.89%</u>	<u>10,000.00</u>	<u>3.68%</u>
Total Expenditures	<u>257,000.00</u>	<u>100.00%</u>	<u>271,500.00</u>	<u>100.00%</u>
Excess in Revenue	30,195.83		13,707.06	
Fund Balance January 1	<u>206,538.31</u>		<u>202,831.25</u>	
	236,734.14		216,538.31	
Less:				
Utilization as Anticipated Revenue	<u>10,000.00</u>		<u>10,000.00</u>	
Fund Balance December 31	<u>\$ 226,734.14</u>		<u>\$ 206,538.31</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	\$ 1.663	\$ 1.628	\$ 1.658	\$ 1.630	\$ 2.874	\$ 2.761	\$ 2.639	\$ 2.539	\$ 2.450	\$ 2.340

Apportionment of Tax Rate

Municipal	\$ 0.436	\$ 0.437	\$ 0.438	\$ 0.430	\$ 0.756	\$ 0.731	\$ 0.673	\$ 0.638	\$ 0.605	\$ 0.587
County	0.266	0.259	0.280	0.270	0.493	0.474	0.471	0.476	0.465	0.439
Local School	0.646	0.626	0.630	0.628	1.105	1.065	1.021	0.974	0.941	0.899
Regional High School	0.315	0.306	0.310	0.302	0.520	0.491	0.474	0.451	0.439	0.415

Assessed Valuation

2015	\$3,697,363,000.00
2014	\$3,649,729,800.00
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

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Currently</u> <u>Percentage of Collection</u>
2015	\$ 63,828,237.53	\$ 63,290,420.82	99.15%
2014	62,135,097.44	61,591,166.70	99.12%
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%

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.

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 344,233.55	\$ 406,537.60	\$ 750,771.15	1.18%
2014	331,918.00	402,704.84	734,622.84	1.18%
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%

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:

<u>Year</u>	<u>Amount</u>
2015	\$ 2,165,300.00
2014	3,437,200.00
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

COMPARISON OF SWIMMING POOL ENTERPRISE FEES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2015	\$ 239,767.50	\$ 239,767.50
2014	236,812.75	236,812.75
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

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2015	\$ 7,606,668.70	\$ 5,500,000.00
	2014	7,839,055.13	4,425,000.00
	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
Swimming Pool Enterprise Operating Fund	2015	\$ 226,734.14	\$ 10,000.00
	2014	206,538.31	10,000.00
	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

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
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.

TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grants Fund</u>
Balance December 31, 2014	A	\$ 14,351,167.94	\$ 189,755.36
Increased by Receipts:			
Sale of Assets	A-1	\$ 11,439.13	
Miscellaneous Revenue Not Anticipated	A-2	523,215.77	
2015 Appropriation Credits	A-3	816,113.57	
State's Share of Senior Citizens' and Veterans' Deductions	A-6	118,663.70	
Taxes Receivable	A-7	63,201,056.76	
Revenue Accounts Receivable	A-10	4,954,015.19	
Other Accounts Receivable	A-11	132,573.34	
Interfund Accounts Receivable	A-12	56,399.60	
Prepaid Taxes	A-17	373,748.52	
Tax Overpayments	A-18	111,182.41	
Interest Earned on Taxes Pending State Appeals	A-19	109.19	
Reserve for Special Deposits	A-20	2,398.00	
Prepaid Revenues	A-21	6,272.00	
Amount Due to State of N.J.:			
Construction Code Surcharge Fees	A-22	55,777.00	
Board of Health Surcharge Fees	A-23	1,900.00	
State Aid Receivable	A-25	-	
		<u>\$ 96,333.31</u>	
		<u>70,364,864.18</u>	<u>96,333.31</u>
		<u>84,716,032.12</u>	<u>286,088.67</u>

TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF CASH - TREASURER
(CONCLUDED)

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grants Fund</u>
Decreased by Disbursements :			
2015 Budget Appropriations	A-3	\$ 20,411,572.90	\$ -
Other Accounts Receivable	A-11	119,123.90	
2014 Appropriation Reserves	A-14	1,178,252.03	
Tax Overpayments Refunded	A-18	94,841.40	
Reserve for Tax Appeals Pending	A-19	418,512.00	
Reserve for Special Deposits	A-20	2,398.00	
Amount Due to State of New Jersey:			
Construction Code Surcharge Fees	A-22	50,982.00	
Board of Health Surcharge Fees	A-23	1,700.00	
School, County and Special District Taxes	A-24	47,697,890.65	
Appropriated Reserves for Federal and State Grants	A-26		105,628.26
Reserve for Encumbrances - Federal and State Grants	A-27	-	33,275.06
		<u>69,975,272.88</u>	<u>138,903.32</u>
Balance December 31, 2015	A	<u>\$ 14,740,759.24</u>	<u>\$ 147,185.35</u>

TOWNSHIP OF HANOVER

A-5

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 225.00
Balance December 31, 2015	A	<u>\$ 225.00</u>
 <u>Analysis of Balance December 31, 2015</u>		
Municipal Court		\$200.00
Finance Department		<u>25.00</u>
		<u>\$ 225.00</u>

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

	<u>Ref.</u>		
Balance December 31, 2014	A		\$ 25,545.86
Increased by :			
Senior Citizens' Deductions Disallowed by:			
Tax Collector - 2015 Taxes	A-6	1,044.52	
Received in Cash from State	A-4	<u>118,663.70</u>	
			<u>119,708.22</u>
			145,254.08
Decreased by :			
Senior Citizens' Deductions Per Tax Billings	A-6	13,250.00	
Veterans' Deductions Per Tax Billings	A-6	105,500.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-6	750.00	
Veterans' Deductions Allowed by Tax Collector	A-6	<u>1,250.00</u>	
			<u>120,750.00</u>
Balance December 31, 2015	A		<u>\$ 24,504.08</u>
 <u>Calculation of State's of Senior Citizens' and Veterans' Deductions</u>			
Senior Citizens' Deductions per Tax Billings	A-6	\$ 13,250.00	
Veterans' Deductions per Tax Billings	A-6	105,500.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-6	750.00	
Veterans' Deductions Allowed by Tax Collector	A-6	<u>1,250.00</u>	
			\$ 120,750.00
Less:			
Senior Citizens' Deductions Disallowed by			
Tax Collector	A-6		<u>1,044.52</u>
	A-7		<u>\$ 119,705.48</u>

TOWNSHIP OF HANOVER

A-8

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 331,918.00
Increased by :		
Transferred from Taxes Receivable	A-7	<u>12,315.55</u>
Balance December 31, 2015	A	<u>\$ 344,233.55</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATIONS

	<u>Ref.</u>	
Balance December 31, 2014	A	<u>\$ 3,437,200.00</u>
Decreased by:		
Property Vacated by Township		<u>1,271,900.00</u>
 Balance December 31, 2015	 A	 <u>\$ 2,165,300.00</u>

Analysis of Balance December 31, 2015

<u>Block</u>	<u>Lot</u>	
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
2201	11	146,000.00
6202	2	72,500.00
6301	13	60,600.00
6301	16	88,300.00
7301	5	74,600.00
7703	44	<u>1,000.00</u>
		 <u>\$ 2,165,300.00</u>

TOWNSHIP OF HANOVER

A-10

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance <u>Dec. 31, 2014</u>	Accrued in <u>2015</u>	Received in <u>2015</u>	Balance <u>Dec. 31, 2015</u>
Clerk :					
Licenses - Alcoholic Beverages	A-2	\$ -	\$ 47,269.00	\$ 47,269.00	\$ -
Licenses - Other	A-2		4,785.00	4,785.00	
Fees and Permits - Other	A-2		6,712.17	6,712.17	
Board of Adjustment:					
Fees and Permits - Other	A-2		13,100.00	13,100.00	
Planning Board:					
Fees and Permits - Other	A-2		84,380.00	84,380.00	
Health Administrator:					
Licenses	A-2		41,423.00	41,423.00	
Fees and Permits - Other	A-2		10,920.00	10,920.00	
Construction Code Official:					
Fees and Permits	A-2		709,562.40	709,562.40	
Municipal Court:					
Fines and Costs	A-2	31,657.85	381,823.28	387,264.30	26,216.83
Engineering Permits	A-2		11,200.00	11,200.00	
Zoning Officer Permits	A-2		40,095.00	40,095.00	
Interest and Costs on Taxes	A-2		92,312.24	92,312.24	
Hotel/Motel Special Tax	A-2		917,975.94	917,975.94	
Energy Receipt Taxes	A-2		2,127,774.00	2,127,774.00	
Consolidated Municipal Property Tax Relief Aid	A-2		165,456.00	165,456.00	
Interlocal Services Agreement - Board of Health	A-2		94,771.14	94,771.14	
Interlocal Services Agreement - Municipal Court	A-2		135,000.00	135,000.00	
Hanover Sewerage Authority's Share of Administrative Costs	A-2	-	64,015.00	64,015.00	-
		<u>\$ 31,657.85</u>	<u>\$ 4,948,574.17</u>	<u>\$ 4,954,015.19</u>	<u>\$ 26,216.83</u>
	Ref.	A		A-4	A

TOWNSHIP OF HANOVER
 CURRENT FUND
SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref</u>		
Balance December 31, 2014	A		\$ 36,866.40
Increased by:			
Charges to Operations	A-4	\$ 119,123.90	
Realized as 2015 Budget Revenue	A-2	<u>30,038.70</u>	
	A-1		<u>149,162.60</u>
			186,029.00
Decreased by:			
Received in 2015	A-1,4	<u>132,573.34</u>	
			<u>132,573.34</u>
Balance December 31, 2015	A		<u>\$ 53,455.66</u>
<u>Analysis of Balance December 31, 2015</u>			
Hanover Sewerage Authority			\$ 160.65
Hanover Board of Education			2,449.98
Whippany Park High School			26.76
Various - Board of Health Programs			20,779.57
Township of Morris			15,913.00
Township of Harding			<u>14,125.70</u>
			<u>\$ 53,455.66</u>

TOWNSHIP OF HANOVER
 CURRENT FUND
SCHEDULE OF INTERFUNDS ACCOUNTS RECEIVABLE

	<u>Ref</u>	<u>Total</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>
Balance December 31, 2014	A	\$ 1,598.30	\$ 1,598.30	\$ -	\$ -
Increased by:					
Police Outside Duties Fees		52,952.00		52,952.00	
Interest Earned on Investments		<u>1,849.30</u>	-	<u>1,600.53</u>	<u>248.77</u>
		56,399.60	1,598.30	54,552.53	248.77
Decreased by:					
Received in 2015	A-2,4	<u>56,399.60</u>	<u>1,598.30</u>	<u>54,552.53</u>	<u>248.77</u>
Balance December 31, 2015	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF HANOVER

CURRENT FUND

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

<u>Date</u>	<u>Purpose</u>	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2014	Raised in 2015 Budget	Balance Dec. 31, 2015
5/12/2011	Revaluation Program	\$ 356,000.00	\$ 71,200.00	<u>\$ 142,400.00</u>	<u>\$ 71,200.00</u>	<u>\$ 71,200.00</u>
				Ref. A	A-3	A

TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Transferred From Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>OPERATIONS WITHIN "CAP"</u>					
Salaries and Wages :	\$ 47,154.72	\$ -	\$ 47,154.72	\$ -	\$ 47,154.72
General Administration	1.50	-	1.50	-	1.50
Township Committee	3,052.23	-	3,052.23	-	3,052.23
Financial Administration	632.13	-	632.13	-	632.13
Collection of Taxes	3,037.89	-	3,037.89	-	3,037.89
Assessment of Taxes	49,350.99	-	49,350.99	-	49,350.99
Engineering Services and Costs					
Municipal Land Use Law (40:55D-1)	4.25	-	4.25	-	4.25
Planning Board	4.26	-	4.26	-	4.26
Board of Adjustment	49,087.79	-	49,087.79	8,588.55	40,499.24
Police	6.11	-	6.11	-	6.11
Office of Emergency Management	1,716.02	-	1,716.02	-	1,716.02
Municipal Prosecutor	44,704.28	-	44,704.28	40,050.25	4,654.03
Road Repair and Maintenance	50,255.32	-	50,255.32	45,004.45	5,250.87
Solid Waste Collection	2,134.47	-	2,134.47	579.04	1,555.43
Buildings and Grounds	2,653.92	-	2,653.92	-	2,653.92
Board of Health	877.60	-	877.60	-	877.60
Environmental Commission	47,337.74	-	47,337.74	-	47,337.74
Recreation Commission (R.S. 40:12 to 12-8)	7,632.07	-	7,632.07	-	7,632.07
Maintenance of Parks	2,381.64	-	2,381.64	-	2,381.64
Senior Citizen Program (Dial-A-Ride)	2,450.51	-	2,450.51	-	2,450.51
Community Center					
Uniform Construction Code:					
Construction Code Official	31,008.84	-	31,008.84	-	31,008.84
Municipal Court	32,174.37	-	32,174.37	800.00	31,374.37
Public Defender	5,282.98	-	5,282.98	500.00	4,782.98
Other Expenses :					
General Administration	7,023.35	18,659.62	25,682.97	19,365.30	6,317.67
Employee Assistance, Training & Testing	8,897.70	1,162.50	10,060.20	1,182.25	8,877.95
Municipal Clerk	386.37	-	386.37	-	386.37
Financial Administration	9,387.40	871.06	10,258.46	5,650.53	4,607.93
Audit Services	100.00	25,300.00	25,400.00	25,300.00	100.00
Computer Network	5,319.60	345.29	5,664.89	345.29	5,319.60
Collection of Taxes	4,471.18	-	4,471.18	168.15	4,303.03
Liquidation of TTL's	1,000.00	-	1,000.00	-	1,000.00
Tax Assessment	70,460.45	-	70,460.45	20,556.64	49,903.81
Legal Services and Costs	75,452.39	425.00	75,877.39	26,559.83	49,317.56
Engineering Services and Costs	149.40	514.45	663.85	609.53	54.32
Acquisition of Rights-of-Way	5,000.00	-	5,000.00	-	5,000.00
Economic Development Agencies	37,148.10	-	37,148.10	-	37,148.10
Municipal Landmark Commission	114.08	40.00	154.08	-	154.08
Municipal Land Law (N.J.S.A. 40:55D-1)					
Planning Board	3,051.72	-	3,051.72	18.50	3,033.22
Board of Adjustment	291.97	-	291.97	37.90	254.07

TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
(CONTINUED)

	Balance Dec. 31, 2014	Transferred From Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
OPERATIONS WITHIN "CAP" (CONTINUED)					
Other Expenses: (Continued)	\$ 46,105.11	\$ -	\$ 46,105.11	\$ -	\$ 46,105.11
Liability Insurance	6,895.47	-	6,895.47	-	6,895.47
Worker's Compensation Insurance	228,653.89	-	228,653.89	-	228,653.89
Group Insurance Plan for Employees	347.73	10,360.78	10,708.51	9,434.51	1,274.00
Police	7,450.54	1,229.00	8,679.54	1,229.00	7,450.54
Traffic Signals	58.43	6,811.79	6,870.22	6,806.79	63.43
Municipal Communication System	175.11	-	175.11	-	175.11
Emergency Management Services	71,045.89	5,023.28	76,069.17	72,046.86	4,022.31
Streets and Road Maintenance	25,000.00	-	25,000.00	-	25,000.00
Demolition of Buildings	7,500.00	-	7,500.00	-	7,500.00
Street Lighting	2,893.63	4,753.95	7,647.58	5,437.25	2,210.33
Solid Waste Collection	-	14,856.00	14,856.00	14,856.00	-
Recycling	12,469.00	3,780.90	16,249.90	5,053.63	11,196.27
Buildings and Grounds	4,487.03	3,682.38	8,169.41	5,383.96	2,785.45
Vehicle Maintenance	2,000.00	-	2,000.00	-	2,000.00
Mosquito Extermination	50.88	6,223.59	6,274.47	6,223.59	50.88
Community Services Act	4,634.54	155.50	4,790.04	94.42	4,695.62
Board of Health	2,250.00	-	2,250.00	-	2,250.00
Drug Awareness Council	68.00	792.00	860.00	692.00	168.00
Environmental Commission	10,784.21	4,101.50	14,885.71	4,703.90	10,181.81
Animal Control	3,563.08	1,191.28	4,754.36	1,749.92	3,004.44
Recreation Commission (R.S. 40:12-1 to 12-8)					
Senior Citizen Expenses:					
Transportation (Dial-A-Ride)	200.00	-	200.00	-	200.00
Other Expenses	0.05	5,620.45	5,620.50	5,620.45	0.05
Community Center	854.56	165.95	1,020.51	587.00	433.51
Cultural Arts Committee	58.39	-	58.39	-	58.39
Maintenance of Parks	1,106.09	4,719.15	5,825.24	5,131.28	693.96
Garden Club	-	409.44	409.44	251.45	157.99
Patriotic Celebration	1,063.33	-	1,063.33	-	1,063.33
Memorial Day (R.S. 40:48-5.4)	182.44	-	182.44	-	182.44
Celebration of Public Events, Anniversary or Holiday	5,865.38	250.00	6,115.38	955.02	5,160.36
Municipal Court	5,544.92	145.23	5,690.15	514.13	5,176.02
Utility and Bulk Purchases					
Other Expenses	237,610.79	5,923.18	243,533.97	45,253.19	198,280.78
Solid Waste Disposal Costs	89,500.87	-	89,500.87	43,429.21	46,071.66
Uniform Construction Code -					
Construction Code Official	15,310.45	-	15,310.45	48.66	15,261.79
Contingent	10,000.00	-	10,000.00	-	10,000.00
Public Employees' Retirement System	565.27	-	565.27	-	565.27
Police and Fireman's Retirement System	379.88	-	379.88	-	379.88
Defined Contribution Retirement Program	2,420.63	-	2,420.63	350.53	2,070.10
Social Security System (O.A.S.I.)	33,458.45	-	33,458.45	-	33,458.45

TOWNSHIP OF HANOVER

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
(CONCLUDED)

	Balance Dec. 31, 2014	Transferred From Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
OPERATIONS EXCLUDED FROM "CAP"					
Recycling Tax	\$ 10,000.00	-	\$ 10,000.00	-	\$ 10,000.00
Interlocal Services Agreements:					
Other Expenses :					
Municipal Court	4,475.89	145.23	4,621.12	436.24	4,184.88
Board of Health	1,125.00	-	1,125.00		1,125.00
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP"					
Installation of Storm Drainage	7,406.50	-	7,406.50	5,150.00	2,256.50
Purchase of Police Equipment	39,130.00	58,259.84	97,389.84	58,259.84	39,130.00
Purchase of Parks and Playgrounds Equipment	5,452.10	-	5,452.10		5,452.10
Improvements to Parks and Playgrounds	15,483.00	-	15,483.00		15,483.00
Improvements to Buildings and Grounds	85,597.78	26,601.45	112,199.23	25,419.73	86,779.50
Construction of Sidewalks	127,403.86	322,572.50	449,976.36	355,952.50	94,023.86
Road Construction and Reconstruction	33,155.70	417,103.66	450,259.36	374,510.40	75,748.96
Purchase of Road Equipment	75.00	-	75.00		75.00
Installation of Traffic Signals	32,416.50	-	32,416.50		32,416.50
Purchase of Vehicles	1,107.65	-	1,107.65		1,107.65
Purchase of Computers, Software & Office Equipment	25,691.34	2,307.94	27,999.28	2,307.94	25,691.34
	<u>\$ 1,840,269.70</u>	<u>\$ 954,503.89</u>	<u>\$ 2,794,773.59</u>	<u>\$ 1,253,205.61</u>	<u>\$ 1,541,567.98</u>

Ref.

A

A-15

Ref.

A-1

Cash Disbursed
Transferred to Accounts Payable

A-4

\$ 1,178,252.03

74,953.58

\$ 1,253,205.61

TOWNSHIP OF HANOVER

A-15

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 954,503.89
Increased by :		
Charges to 2015 Budget Appropriations	A-3	<u>572,337.39</u>
		1,526,841.28
Decreased by :		
Transferred to 2014 Appropriation Reserves	A-14	<u>954,503.89</u>
Balance December 31, 2015	A	<u>\$ 572,337.39</u>

TOWNSHIP OF HANOVER

A-16

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 47,369.60
Increased by:		
Transferred from 2014 Appropriation Reserves	A-14	<u>74,953.58</u>
		122,323.18
Decreased by :		
Canceled in 2015	A-1	<u>37,700.00</u>
		<u>37,700.00</u>
Balance December 31, 2015	A	<u>\$ 84,623.18</u>
 <u>Analysis of Balance December 31, 2015</u>		
Burgis Associates		\$ 6,161.64
General Code		9,669.60
Granada Construction		31,726.07
Vektor/Allan		<u>37,065.87</u>
		<u>\$ 84,623.18</u>

TOWNSHIP OF HANOVER
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 367,559.02
Increased by :		
2016 Taxes Received in 2015	A-4	<u>373,748.52</u>
		741,307.54
Decreased by :		
Applied to Taxes Receivable	A-7	<u>367,559.02</u>
Balance December 31, 2015	A	<u>\$ 373,748.52</u>

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance December 31, 2014	A		\$ 197,254.83
Increased by :			
Taxes Overpaid in 2015	A-4		<u>111,182.41</u>
			308,437.24
Decreased by:			
Canceled in 2015	A-1	\$ 29.36	
Refunded in 2015	A-4	<u>94,841.40</u>	
			<u>94,870.76</u>
Balance December 31, 2015	A		<u>\$ 213,566.48</u>

Analysis of Balance Available in Tax Collector's Office.

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)

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 3,094,612.47
Increased by :		
Contested Amount of 2015 Taxes Collected Which are Pending State Appeal	A-2	\$ 1,500,000.00
Interest Earned on Taxes Pending State Appeal	A-4	<u>109.19</u>
		<u>1,500,109.19</u>
		4,594,721.66
Decreased by :		
Cash Paid to Appellants	A-4	<u>418,512.00</u>
Balance December 31, 2015	A	<u>\$ 4,176,209.66</u>

SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS

	<u>Ref.</u>	
Increased by:		
Received in 2015	A-4	<u>\$ 2,398.00</u>
Decreased by:		
Paid in 2015	A-4	<u>\$ 2,398.00</u>

TOWNSHIP OF HANOVER
CURRENT FUND
SCHEDULE OF PREPAID REVENUES

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 8,965.00
Increased by:		
Received in 2015	A-4	<u>6,272.00</u>
		15,237.00
Decreased by:		
Applied in 2015	A-2	<u>8,965.00</u>
Balance December 31, 2015	A	<u>\$ 6,272.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 8,944.00
Increased by :		
Surcharge Fees Collected In 2015	A-4	<u>55,777.00</u>
		64,721.00
Decreased by:		
Paid in 2015	A-4	<u>50,982.00</u>
Balance December 31, 2015	A	<u>\$ 13,739.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 325.00
Increased by :		
Surcharge Fees Collected In 2015	A-4	<u>1,900.00</u>
		2,225.00
Decreased by:		
Paid in 2015	A-4	<u>1,700.00</u>
Balance December 31, 2015	A	<u>\$ 525.00</u>

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

	Ref.	Balance Dec. 31, 2014	2015 Levy	Paid in 2015	Balance Dec. 31, 2015
Local District School Tax	A-2	\$ 127.00	\$23,866,108.00	\$23,865,927.00	\$ 308.00
Regional High School Tax	A-2	-	11,625,725.00	11,625,725.00	-
County Taxes	A-2		9,815,481.84	9,815,481.84	-
Amount Due to County for Added and Omitted Taxes:					
2015 Taxes	A-2		37,388.95		37,388.95
Prior Taxes		109,261.44	-	109,261.44	-
Municipal Open Space Taxes	A-2		185,571.37	185,571.37	-
Special District Taxes	A-2	-	2,095,924.00	2,095,924.00	-
		<u>\$109,388.44</u>	<u>\$47,626,199.16</u>	<u>\$47,697,890.65</u>	<u>\$ 37,696.95</u>
	Ref.	A	A-1	A-4	A

TOWNSHIP OF HANOVER

A-25

CURRENT FUND
SCHEDULE OF STATE AID RECEIVABLE

	Balance <u>Dec. 31, 2014</u>	2015 Budget <u>Revenues</u>	Received <u>In 2015</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2015</u>
Municipal Alliance Funds	\$ 6,762.82	\$20,862.00	\$12,662.09	\$1,124.29	\$ 13,838.44
Clean Communities Program		33,325.98	33,325.98		-
3M Foundation Donation		2,550.00	2,550.00		-
JCHC Contribution		10,000.00	10,000.00		-
Babbitt Foundation Donation		2,000.00	2,000.00		-
Alcohol Education and Rehabilitation Fund		2,593.06	2,593.06		-
Body Armor Grant		2,857.44	2,857.44		-
Green Communities Grant	3,000.00				3,000.00
De-Snagging Whippany River Grant	165,149.59		972.47		164,177.12
Bulletproof Vest Partnership Grant		1,872.27	1,872.27		-
Bayer Contribution		15,000.00	15,000.00		-
Drive Sober or Get Pulled Over	<u>7,500.00</u>	<u>5,000.00</u>	<u>12,500.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 182,412.41</u>	<u>\$ 96,060.75</u>	<u>\$ 96,333.31</u>	<u>\$ 1,124.29</u>	<u>\$ 181,015.56</u>

Ref.	A	A-2	A-4	A-26	A
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CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance <u>Dec. 31, 2014</u>	2015 Budget Appropriations	Expended In 2015	Canceled	Balance <u>Dec. 31, 2015</u>
Municipal Alliance Funds	\$ 214.37	\$ 20,862.00	\$ 18,266.59	\$1,124.29	\$ 1,685.49
Clean Communities Program	13,099.77	33,325.98	12,861.66		33,564.09
3M Foundation Donation	-	2,550.00	2,455.52		94.48
JCHC Contribution		10,000.00	10,000.00		-
Alcohol Education and Rehabilitation Fund		2,593.06	2,593.06		-
Babbitt Foundation Donation		2,000.00			2,000.00
Drunk Driving Enforcement Fund	8,853.79		3,793.96		5,059.83
Hazardous Discharge Site Remediation	62,706.22		3,500.00		59,206.22
Body Armor Grant	5,565.62	2,857.44	3,835.00		4,588.06
Recycling Tonnage Grant	65,132.04		57,471.83		7,660.21
Bayer Contribution	12,567.84	15,000.00	4,533.41		23,034.43
Drive Sober or Get Pulled Over	1,100.00	5,000.00	6,100.00		-
Hanover Township SACC Contribution	600.06				600.06
De-Snagging Whippany River Grant	166,053.00		124,891.58		41,161.42
Bulletproof Vest Partnership Grant		1,872.27			1,872.27
Green Communities Grant	<u>3,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000.00</u>
	<u>\$ 338,892.71</u>	<u>\$ 96,060.75</u>	<u>\$ 250,302.61</u>	<u>\$ 1,124.29</u>	<u>\$ 183,526.56</u>

Ref.	A	A-3	A-25	A
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	<u>Ref.</u>	
Cash Disbursed	A-4	\$ 105,628.26
Reserve for Encumbrances	A-27	<u>144,674.35</u>
		<u>\$ 250,302.61</u>

TOWNSHIP OF HANOVER

A-27

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 33,275.06
Increased by :		
Charges to Appropriated Reserves	A-26	<u>\$144,674.35</u>
		177,949.41
Decreased by:		
Paid in 2015	A-4	<u>33,275.06</u>
Balance December 31, 2015	A	<u>\$ 144,674.35</u>

TOWNSHIP OF HANOVER
 TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Assessment Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2014	B	<u>\$ 54,035.08</u>	<u>\$ 30,834.30</u>	<u>\$ 7,414,390.49</u>
Increased by Receipts:				
Interfund Accounts Payable	B-5		-	54,552.53
Amount Due to State of New Jersey	B-6		1,695.60	
Animal Control Collections	B-7		15,378.20	
Reserve for Special Funds	B-8	-	-	4,789,181.71
		<u>-</u>	<u>17,073.80</u>	<u>4,843,734.24</u>
		54,035.08	47,908.10	12,258,124.73
Decreased by Disbursements:				
Amount Due from State of New Jersey	B-4		43.20	
Interfund Accounts Payable	B-5	-	1,598.30	54,552.53
Amount Due to State of New Jersey	B-6		1,695.60	
Animal Control Fund Administration Expenses	B-7		21,224.30	
Reserve for Special Funds	B-8	-	-	1,941,876.40
		<u>-</u>	<u>24,561.40</u>	<u>1,996,428.93</u>
Balance December 31, 2015	B	<u>\$ 54,035.08</u>	<u>\$ 23,346.70</u>	<u>\$ 10,261,695.80</u>

TOWNSHIP OF HANOVER
 TRUST FUND
SCHEDULE OF PREPAID ASSESSMENTS

	<u>Ref.</u>	
Balance December 31, 2014	B	<u>\$53,805.73</u>
Balance December 31, 2015	B	<u>\$53,805.73</u>

SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ -
Increased by:		
Paid in 2015	B-2	<u>43.20</u>
Balance December 31, 2015	B	<u>\$ 43.20</u>

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Amount Due to Current Fund</u>	
			<u>Animal Control Fund</u>	<u>Other Trust</u>
Balance December 31, 2014	B	\$ 1,598.30	\$ 1,598.30	\$ -
Increased by:				
Received in 2015	B-2	<u>54,552.53</u>	<u>-</u>	<u>54,552.53</u>
		56,150.83	1,598.30	54,552.53
Decreased by:				
Paid in 2015	B-2	<u>56,150.83</u>	<u>1,598.30</u>	<u>54,552.53</u>
Balance December 31, 2015	B	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF HANOVER

B-6

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Increased by :		
Animal Control Fees Collected	B-2	<u>\$ 1,695.60</u>
Decreased by :		
Paid in 2015	B-2	<u>\$ 1,695.60</u>

TOWNSHIP OF HANOVER

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 29,236.00
Increased by :		
Animal Control Collections	B-2	<u>15,378.20</u>
		44,614.20
Decreased by :		
Animal Control Administrative Expenses	B-2	<u>21,224.30</u>
Balance December 31, 2015	B	<u>\$ 23,389.90</u>
 <u>Maximum Reserve Per R.S. 4:19-15.11</u>		
Animal Control Collections - 2014		\$ 15,536.40
Animal Control Collections - 2013		<u>14,405.40</u>
		<u>\$ 29,941.80</u>

TOWNSHIP OF HANOVER

TRUST FUND
SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS

	<u>Ref.</u>	<u>Total</u>	<u>State Unemployment Insurance</u>	<u>Special Deposits</u>	<u>Open Space Trust</u>	<u>Forfeited Assets</u>
Balance December 31, 2014	B	\$ 7,414,390.49	\$ 340,412.37	\$ 6,487,216.63	\$ 561,450.80	\$ 25,310.69
Increased by :						
Interest Earned on Investments in 2015		4,488.67		4,265.25	223.42	
2015 Tax Levy		185,571.37			185,571.37	
Received in 2015	B-2	4,599,121.67	12,593.14	4,585,258.73	-	1,269.80
		<u>4,789,181.71</u>	<u>12,593.14</u>	<u>4,589,523.98</u>	<u>185,794.79</u>	<u>1,269.80</u>
		12,203,572.20	353,005.51	11,076,740.61	747,245.59	26,580.49
Decreased by :						
Paid in 2015	B-2	<u>1,941,876.40</u>	<u>1,939.49</u>	<u>1,657,044.43</u>	<u>282,443.50</u>	<u>448.98</u>
Balance December 31, 2015	B	\$ 10,261,695.80	\$ 351,066.02	\$ 9,419,696.18	\$ 464,802.09	\$ 26,131.51

TOWNSHIP OF HANOVER
 GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 2,082,980.13
Increased by Receipts:		
Federal and State Grants Receivable	C-4	\$ 36,880.00
Interfund Accounts Receivable	C-5	775,000.00
Capital Improvement Fund	C-8	412,500.00
Interfund Accounts Payable	C-11	<u>248.77</u>
		<u>1,224,628.77</u>
		3,307,608.90
Decreased by Disbursements :		
Improvement Authorizations	C-6	568,265.92
Reserve for Encumbrances	C-7	133,075.00
Interfund Accounts Payable	C-11	<u>248.77</u>
		<u>701,589.69</u>
Balance December 31, 2015	C	<u>\$ 2,606,019.21</u>

TOWNSHIP OF HANOVER

GENERAL CAPITAL FUND
ANALYSIS OF CASH AND INVESTMENTS

	Balance or (Deficit) Dec. 31, 2014	Receipts		Disbursements			Transfers		Balance or (Deficit) Dec. 31, 2015
		Budget Appropriations	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From		
Capital Improvement Fund	\$ 927,556.00	\$ 412,500.00	\$ -	\$ -	\$ -	\$ 94,665.14	\$ 1,134,000.00	\$ 300,721.14	
Capital Fund Balance	384,960.97	-	-	-	-	-	-	384,960.97	
Federal and State Grants Receivable	(356,280.00)	36,880.00	-	-	-	-	275,000.00	(594,400.00)	
Interfund Accounts Receivable	-	775,000.00	-	-	-	-	775,000.00	-	
Interfund Accounts Payable	-	248.77	-	248.77	-	-	-	-	
Reserve for Grants Receivable	300,000.00	-	-	-	-	-	-	300,000.00	
Reserve for Encumbrances	209,841.85	-	-	133,075.00	-	601,086.26	75,766.85	602,086.26	
Reserve for Road Projects	64,469.50	-	-	-	-	-	-	64,469.50	
Improvement Authorizations :									
Ordinance									
Number									
24-05, 15-08 Gravestone Restoration	1,795.00	-	-	39,000.00	-	-	1,795.00	-	
6-06, 1-11 Preserve Steam Locomotive	150,250.00	-	-	-	-	41,307.28	41,307.28	111,250.00	
14-10 Various Capital Projects - 2010	-	-	-	-	-	-	-	-	
6-13 Digital Imaging Minute Books	12,000.00	-	-	-	-	-	-	12,000.00	
23-13 Articulated Truck	71,997.50	-	-	31,870.00	-	-	-	40,127.50	
26-13 DPW Overhead Doors	975.00	-	-	-	-	-	975.00	-	
27-13, 31-15 DPW Generator	110,000.00	-	-	-	-	-	-	-	
28-13 Municipal Building Generator	50,000.00	-	-	6,800.00	-	75,000.00	87,390.00	97,610.00	
30-13 Resurfacing of Melanie Lane	4,600.00	-	-	-	-	34,459.57	39,059.57	42,370.00	
3-14 Lawsoft Computer System	2,314.31	-	-	-	-	-	2,314.31	-	
16-14 Dial-A-Ride Van	14,950.00	-	-	3,822.36	-	-	-	11,127.64	
20-14 OEM Command Trailer	3,150.00	-	-	-	-	-	3,150.00	-	
41-14 Purchase of 940 Route 10	130,400.00	-	-	125,981.02	-	24,000.00	4,418.98	-	
13-15 Construction Office SUV	-	-	-	22,355.00	-	-	1,645.00	-	
16-15 Resurfacing of Eden Lane	-	-	-	214,085.65	-	625,000.00	410,914.35	-	
22-15, 33-15 Connectivity Trail	-	-	-	85,644.95	-	400,000.00	81,115.04	233,240.01	
28-15 DPW Contaminated Soil	-	-	-	2,653.46	-	60,000.00	10,046.54	47,300.00	
29-15 Various Road Projects	-	-	-	36,053.48	-	1,000,000.00	10,790.33	953,156.19	
	<u>\$ 2,082,980.13</u>	<u>\$ 412,500.00</u>	<u>\$ 812,128.77</u>	<u>\$ 568,265.92</u>	<u>\$ 133,323.77</u>	<u>\$ 2,955,518.25</u>	<u>\$ 2,955,518.25</u>	<u>\$ 2,606,019.21</u>	

TOWNSHIP OF HANOVER
 GENERAL CAPITAL FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 356,280.00
Increased by:		
Awarded in 2015:		
Improvement Authorization	C-6	<u>275,000.00</u>
		631,280.00
Decreased by :		
Received in 2015	C-2	<u>36,880.00</u>
Balance December 31, 2015	C	<u>\$ 594,400.00</u>

Schedule of Grants Receivable December 31, 2015

Department of Transportation (Enhancement Program)	\$ 19,400.00
Department of Transportation (Eden Lane)	200,000.00
Hazard Mitigation Grant	75,000.00
Green Acres	<u>300,000.00</u>
	<u>\$ 594,400.00</u>

TOWNSHIP OF HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Increased by :		
Appropriated to Finance Improvement Authorization	C-6	<u>\$ 775,000.00</u>
Decreased by:		
Received in 2015	C-2	<u>\$ 775,000.00</u>

TOWNSHIP OF HANOVER
 GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 209,841.85
Increased by:		
Improvement Authorization Charges in 2015	C-6	<u>601,086.26</u>
		810,928.11
Decreased by :		
Paid in 2015	C-2	133,075.00
Cancelled in 2015	C-6	<u>75,766.85</u>
		<u>208,841.85</u>
Balance December 31, 2015	C	<u>\$ 602,086.26</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 927,556.00
Increased by:		
2015 Budget Appropriation	C-2	\$ 412,500.00
Improvement Authorizations Canceled in 2015	C-6	<u>94,665.14</u>
		<u>507,165.14</u>
		1,434,721.14
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-6	<u>1,134,000.00</u>
Balance December 31, 2015	C	<u>\$ 300,721.14</u>

TOWNSHIP OF HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 64,469.50</u>
Balance December 31, 2015	C	<u>\$ 64,469.50</u>

TOWNSHIP OF HANOVER
 GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 300,000.00</u>
Balance December 31, 2015	C	<u>\$ 300,000.00</u>

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>
Increased by :			
Interest Earned in 2015	C-2	<u>\$ 248.77</u>	<u>\$ 248.77</u>
Decreased by:			
Paid in 2015	C-2	<u>\$ 248.77</u>	<u>\$ 248.77</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2014	D	<u>\$ 231,603.37</u>	<u>\$ 151,783.84</u>
Increased by Receipts :			
Swimming Pool Fees	D-3	239,767.50	-
Miscellaneous	D-3	22,536.38	-
Capital Improvement Fund	D-13	-	20,000.00
		<u>262,303.88</u>	<u>20,000.00</u>
		<u>493,907.25</u>	<u>171,783.84</u>
Decreased by Disbursements :			
2015 Budget Appropriations	D-4	247,132.93	-
2014 Appropriation Reserves	D-9	6,948.11	-
Reserve for Encumbrances	D-10,12	3,225.00	2,248.81
Improvement Authorizations	D-11	-	95,625.92
		<u>257,306.04</u>	<u>97,874.73</u>
Balance December 31, 2015	D	<u>\$ 236,601.21</u>	<u>\$ 73,909.11</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	Balance Dec. 31, 2014	Receipts 2015		Decreased by		Reserve for Encumbrances	Transfers		Balance Dec. 31, 2015
		Budget Appropriations	Improvement Authorizations	Improvement Authorizations	Reserve for Encumbrances		To	From	
Fund Balance	\$ 24,862.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,862.92
Capital Improvement Fund	37,422.11	20,000.00	-	-	-	-	10,000.00	-	47,422.11
Reserve for Encumbrances	2,248.81	-	-	2,248.81	-	-	-	-	1,580.06
Improvement Authorizations :									
Ordinance									
<u>Number</u>									
14/37-14, 30-15									
Pool Improvements	<u>87,250.00</u>	<u>-</u>	<u>95,625.92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000.00</u>	<u>1,580.06</u>	<u>44.02</u>
	<u>\$ 151,783.84</u>	<u>\$ 20,000.00</u>	<u>\$ 95,625.92</u>	<u>\$ 2,248.81</u>	<u>\$ 11,580.06</u>	<u>\$ 11,580.06</u>	<u>\$ 11,580.06</u>	<u>\$ 11,580.06</u>	<u>\$ 73,909.11</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2014</u>	Appraisal <u>Adjustment</u>	Balance <u>Dec. 31, 2015</u>
Swimming Pool Facility	\$ 1,323,362.50	\$ 302,182.43	\$ 1,625,544.93
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	<u>13,027.50</u>	<u>-</u>	<u>13,027.50</u>
	<u>\$ 1,892,117.57</u>	<u>\$ 302,182.43</u>	<u>\$ 2,194,300.00</u>
Ref.	D	D-14	D

TOWNSHIP OF HANOVER
SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Balance Dec. 31, 2015</u>
14/37-14, 30-15	Pool Improvements	<u>\$130,000.00</u>	<u>\$ 10,000.00</u>	<u>\$140,000.00</u>
		Ref. D	D-11	D

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF APPROPRIATION RESERVES - 2014

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Paid</u>	<u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 657.57	\$ -	\$ 657.57
Other Expenses	20,082.94	6,948.11	13,134.83
Statutory Expenditures:			
Contribution to:			
Social Security System (O.A.S.I.)	<u>1,099.55</u>	<u>-</u>	<u>1,099.55</u>
	<u>\$21,840.06</u>	<u>\$6,948.11</u>	<u>\$14,891.95</u>
Ref.	D	D-5	D-1

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF OPERATING RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 3,225.00
Increased by:		
Charges to 2015 Budget	D-4	<u>3,440.00</u>
		6,665.00
Decreased by:		
Paid in 2015	D-5	<u>3,225.00</u>
Balance December 31, 2015	D	<u>\$ 3,440.00</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Reserve For Encumbrances	Balance Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
14/37-14, 30-15	Pool Improvements		\$ 140,000.00	\$ 87,250.00	\$ -	\$ 10,000.00	\$ 95,625.92	\$ 1,580.06	\$ 44.02	\$ -
				Ref. D	D	D-8	D-5	D-12	D	D

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF CAPITAL RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 2,248.81
Increased by:		
Improvement Authorization Charges in 2015	D-11	<u>1,580.06</u>
		3,828.87
Decreased by:		
Paid in 2015	D-5	<u>2,248.81</u>
Balance December 31, 2015	D	<u>\$ 1,580.06</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 37,422.11
Increased by:		
2015 Budget Appropriation	D-5	<u>20,000.00</u>
		57,422.11
Decreased by:		
Appropriated to Finance Improvement Authorization	D-15	<u>10,000.00</u>
Balance December 31, 2015	D	<u>\$ 47,422.11</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 1,892,117.57
Increased by:		
Appraisal Adjustment	D-7	<u>302,182.43</u>
Balance December 31, 2015	D	<u>\$ 2,194,300.00</u>

TOWNSHIP OF HANOVER

SWIMMING POOL ENTERPRISE FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Balance Dec. 31, 2015</u>
14/37-14, 30-15	Pool Improvements	<u>\$ 130,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 140,000.00</u>
	Ref.	D	D-13	D

TOWNSHIP OF HANOVER
 PUBLIC ASSISTANCE FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. #1</u>	<u>Total</u>
Balance December 31, 2014	E	\$ 19,113.02	\$ 19,113.02
Increased by Receipts:			
Interest Earned on Investments	E-3	<u>19.53</u>	<u>19.53</u>
Balance December 31, 2015	E	<u>\$ 19,132.55</u>	<u>\$ 19,132.55</u>

TOWNSHIP OF HANOVER
PUBLIC ASSISTANCE FUNDS
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE FUND NO. 1

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 19,113.02
Increased by:		
Interest Earned on Investments	E-1	<u>19.53</u>
Balance December 31, 2015	E	<u>\$ 19,132.55</u>

TOWNSHIP OF HANOVER
PUBLIC ASSISTANCE FUNDS
SCHEDULE OF REVENUES

	P.A.T.F. #1	Total
Interest Earned	<u>\$ 19.53</u>	<u>\$ 19.53</u>
Total Revenue and Receipts (P.A.T.F.)	<u>\$ 19.53</u>	<u>\$ 19.53</u>

REPORTS PURSUANT TO GOVERNMENT AUDITING STANDARDS

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, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds and account group of the Township of Hanover as of and for the years ended December 31, 2015 and December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated June 30, 2016, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the *regulatory basis* of accounting. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United State of America.

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 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

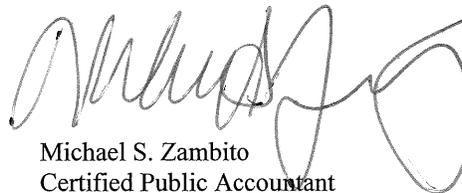
As part of obtaining reasonable assurance about whether the Township of Hanover's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 on noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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. 20CC0789500

June 30, 2016

TOWNSHIP OF HANOVER

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015**

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, 2015 the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$29,000.00.

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. The Township will pass a resolution in 2016 to increase the threshold to \$40,000.00.

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, Construction Observation Services, 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 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, Installation and Construction of Play Area, Asbestos Removal, Bike Path Signage, Trash Containers, River De-Snagging, Generator Upgrade, 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: Dump Truck and Dump Truck Bodies, Police Vehicles and Telephone Charges Audit.

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.

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, 2015, 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, 2015, 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, 2015, 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.

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2015 include taxes for the year 2015.

The last tax sale was held December 1, 2015 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:

<u>Year</u>	<u>Number of Liens</u>
2015	3
2014	3
2013	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:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 Taxes	25
Payments of 2014 Taxes	25
Delinquent Taxes	25

The result of the test, which was made as of December 31, 2015, 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 Roads, Maintenance of Parks - Salaries 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

Not Applicable.

Should any questions arise as to our comments or should you desire any assistance 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
License No. 20CC00789500

June 30, 2016