

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2013

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2013

TOWNSHIP OF LONG HILL
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TOWNSHIP OF LONG HILL
PART I
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2013



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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
Gillette, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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.

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division 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 States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U. S. generally accepted accounting principles but is in accordance with the accounting practices prescribed or permitted by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2013 and 2012 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Long Hill as of December 31, 2013 and 2012, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
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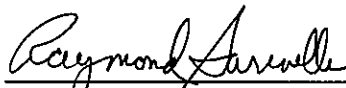
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2014 on our consideration of the Township of Long Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Long Hill's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 9, 2014

NISIVOCIA LLP



Raymond G. Sarinelli
Registered Municipal Accountant #383
Certified Public Accountant

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
CURRENT FUND

TOWNSHIP OF LONG HILL
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 4,162,281.46	\$ 3,416,288.21
Change Funds		400.00	400.00
		<u>4,162,681.46</u>	<u>3,416,688.21</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	606,887.15	632,017.55
Tax Title Liens Receivable	A-8	297,334.61	246,512.22
Property Acquired for Taxes at Assessed Valuation		330,525.00	330,525.00
Sewer Charges Receivable	A-10	79,017.97	109,143.28
Revenue Accounts Receivable	A-9	3,648.71	4,037.38
Due from:			
Federal and State Grant Fund	A	8,000.00	
Animal Control Fund	B	9,497.31	2,906.60
Prepaid Local School Taxes	A-12		5.00
Total Receivables and Other Assets With Full Reserves		<u>1,334,910.75</u>	<u>1,325,147.03</u>
Deferred Charges:			
Emergency Authorizations (N.J.S.A. 40A:4-46)			<u>150,000.00</u>
Total Regular Fund		<u>5,497,592.21</u>	<u>4,891,835.24</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	128,838.64	147,508.16
Federal and State Grants Receivable	A-6	408,778.76	92,103.24
Total Federal and State Grant Fund		<u>537,617.40</u>	<u>239,611.40</u>
TOTAL ASSETS		<u>\$ 6,035,209.61</u>	<u>\$ 5,131,446.64</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 969,415.82	\$ 1,036,347.75
Encumbered	A-3;A-11	173,586.25	298,337.93
		<u>1,143,002.07</u>	<u>1,334,685.68</u>
Accounts Payable-Vendors		7,246.23	2,092.57
County Taxes Payable		9,042.92	8,710.94
Prepaid Taxes		666,047.18	570,175.11
Tax Overpayments		576.87	3,521.74
Sewer Overpayments		955.87	1,379.29
Due to Other Trust Fund	B	45,983.17	30,696.40
Due to General Capital Fund	C	202,000.00	
Due to State of New Jersey:			
Building Surcharge Fees		2,643.00	3,077.00
Marriage Licenses Fees		100.00	300.00
Veterans' and Senior Citizens' Deductions		7,683.03	8,078.92
Reserve for:			
Emergency Appropriation - Hurricane Sandy		7,004.03	131,973.47
Third Party Liens			47,863.61
Uncollectible Grants		2,920.74	2,920.74
Tax Appeals		499,123.30	275,000.00
		<u>2,594,328.41</u>	<u>2,420,475.47</u>
Reserve for Receivables and Other Assets		1,334,910.75	1,325,147.03
Fund Balance	A-1	1,568,353.05	1,146,212.74
		<u>5,497,592.21</u>	<u>4,891,835.24</u>
Federal and State Grant Fund:			
Due to Current Fund	A	8,000.00	
Unappropriated Reserves	A-15	22,488.13	19,609.99
Appropriated Reserves	A-14	507,129.27	220,001.41
		<u>537,617.40</u>	<u>239,611.40</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 6,035,209.61</u></u>	<u><u>\$ 5,131,446.64</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Year Ended December 31,	
	2013	2012
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 575,000.00	\$ 650,000.00
Miscellaneous Revenue Anticipated	4,416,763.60	4,102,146.43
Receipts from:		
Delinquent Taxes	616,188.82	682,207.16
Current Taxes	36,745,945.05	35,801,001.36
Nonbudget Revenue	108,281.77	186,170.28
Other Credits to Income:		
Interfunds Returned	2,911.60	
Accounts Payable Cancelled		2,751.84
Unexpended Balance of Appropriation Reserves	695,130.71	307,235.77
Total Income	<u>43,160,221.55</u>	<u>41,731,512.84</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	14,303,370.48	14,069,856.95
County Taxes	4,096,708.67	4,167,170.28
Local School District Taxes	15,807,570.00	15,069,602.00
Regional High School District Taxes	7,512,968.00	7,511,953.76
Municipal Open Space Taxes	252,838.67	255,824.00
Interfunds Advanced	17,497.31	2,911.60
Prior Year Senior Citizens Deductions Disallowed	655.48	750.00
Refund of Prior Year Revenue	1,472.63	7,225.04
Reserve for Pending Tax Appeals	200,000.00	125,000.00
Total Expenditures	<u>42,193,081.24</u>	<u>41,210,293.63</u>
Excess in Revenue	967,140.31	521,219.21

TOWNSHIP OF LONG HILL
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
(Continued)

	Ref.	Year Ended December 31,	
		2013	2012
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges To Budget of Succeeding Year		\$ 30,000.00	\$ 150,000.00
Statutory Excess to Fund Balance		997,140.31	671,219.21
<u>Fund Balance</u>			
Balance January 1		1,146,212.74	1,124,993.53
		2,143,353.05	1,796,212.74
Decreased by:			
Utilized as Anticipated Revenue		575,000.00	650,000.00
Balance December 31	A	\$ 1,568,353.05	\$ 1,146,212.74

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Anticipated		Realized	Excess or Deficit *
	Budget	Added by NJSA 40A:4-87		
Fund Balance Appropriated	\$ 575,000.00		\$ 575,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	22,000.00		22,121.00	\$ 121.00
Fees and Permits	81,000.00		84,140.56	3,140.56
Municipal Court Fines and Costs	87,000.00		99,927.10	12,927.10
Interest and Costs on Taxes	175,000.00		165,011.57	9,988.43 *
Interest on Investments and Deposits	19,000.00		14,152.22	4,847.78 *
Sewer Charges	1,460,000.00		1,480,493.20	20,493.20
Energy Receipts Tax	1,354,573.00		1,354,573.00	
Uniform Construction Code Fees	150,000.00		176,389.00	26,389.00
Utility Operating Surplus of Prior Years	50,000.00		50,000.00	
Playground Registration	58,000.00		63,300.00	5,300.00
Basketball Registration	43,000.00		41,900.00	1,100.00 *
Tower Rental - Verizon	45,000.00		59,374.23	14,374.23
Tower Rental - AT&T Wireless	42,500.00		48,241.54	5,741.54
Cable Franchise Fees	38,437.00		38,437.41	0.41
Great Swamp	64,000.00		60,856.00	3,144.00 *
Life Hazard Use	15,000.00		23,857.75	8,857.75
Verizon Franchise Fees - FIOS	75,091.00		75,091.80	0.80
Lounsberry Insurance Payment	7,500.00		7,500.00	
Stirling Lake	54,000.00		44,262.00	9,738.00 *
Reserve for Debt Payment	40,000.00		40,000.00	
Long Hill Library Pension Reimbursement	28,000.00		39,345.75	11,345.75
FEMA Reimbursement	35,000.00		35,188.10	188.10

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>		
Miscellaneous Revenue (Cont'd):				
State of NJ:				
Clean Communities Program	\$ 16,223.19		\$ 16,223.19	
Body Armor	2,514.41		2,514.41	
Reserve for Alcohol Education and Rehabilitation	863.77		863.77	
Emergency Management Assistance (EMA) Funding		\$ 5,000.00	5,000.00	
Green Acres - Passaic River Basin		325,000.00	325,000.00	
NJDOT - Gillette School Sidewalks		40,000.00	40,000.00	
Shade Tree Challenge Grant		3,000.00	3,000.00	
Total Miscellaneous Revenue	<u>3,963,702.37</u>	<u>373,000.00</u>	<u>4,416,763.60</u>	<u>\$ 80,061.23</u>
Receipts from Delinquent Taxes	<u>450,000.00</u>		<u>616,188.82</u>	<u>166,188.82</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	9,189,858.42		9,343,749.71	153,891.29
Minimum Library Tax	545,425.00		545,425.00	
	<u>9,735,283.42</u>		<u>9,889,174.71</u>	<u>153,891.29</u>
Budget Totals	<u>14,723,985.79</u>	<u>373,000.00</u>	<u>15,497,127.13</u>	<u>400,141.34</u>
Nonbudget Revenue			<u>108,281.77</u>	<u>108,281.77</u>
	<u>\$ 14,723,985.79</u>	<u>\$ 373,000.00</u>	<u>\$ 15,605,408.90</u>	<u>\$ 508,423.11</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Analysis of Realized Revenue

Allocation of Tax Collections:

Taxes Receivable	\$ 36,090,467.20	
Prepayments Applied	570,175.11	
Senior Citizens' and Veterans' Deductions Due from State of NJ	85,302.74	
		\$ 36,745,945.05

Allocated to:

Regional High School Taxes	7,512,968.00	
Local School District Taxes	15,807,570.00	
County Taxes	4,096,708.67	
Open Space Trust Fund	252,838.67	
		27,670,085.34
		9,075,859.71

Add: Appropriation "Reserve for Uncollected Taxes"		813,315.00
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Realized for Support of Municipal Budget		\$ 9,889,174.71
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Delinquent Taxes

Delinquent Tax Collections		\$ 616,188.82
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TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Analysis of Realized Revenue (Cont'd)

Interest on Investments

Cash Receipts	\$	8,722.59
Federal and State Grant Fund		463.24
General Capital Fund		3,322.61
Animal Control Fund		137.39
Other Trust Fund		1,506.39
		1,506.39
	\$	14,152.22

Analysis of Nonbudget Revenue

Treasurer:

DMV Inspection Fines	\$	8,509.50
Marriage License - Certified Copy		1,800.00
Library 4th Quarter 2012 Reimbursement		25,650.68
Planning Board		7,893.75
Zoning Board		14,571.25
Payroll Checks Cancelled		8,176.76
Payroll Bank Account Balance Cancelled		1,864.37
Current Fund - Cancel Stale Outstanding Checks		1,089.39
Payroll Fund - Cancel Stale Outstanding Checks		917.59
JIF Reimbursement - Superstorm "Sandy"		4,310.00
Sewer Interest		14,668.46
Miscellaneous		7,647.68
Administration Fee - Senior Citizens/Veterans Deductions		1,685.03
		98,784.46
Statutory Excess in Animal Control Fund Reserve		9,497.31
	\$	108,281.77

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
General Administration:					
Salaries and Wages	\$ 290,197.14	\$ 274,511.14	\$ 263,149.67	\$ 11,361.47	
Other Expenses	70,335.00	68,335.00	62,258.21	6,076.79	
Communication Advisory Committee	6,150.00	7,450.00	7,411.78	38.22	
Mayor and Council:					
Other Expenses	5,250.00	5,250.00	717.80	4,532.20	
Elections:					
Other Expenses	4,500.00	4,500.00	4,123.96	376.04	
Financial Administration:					
Salaries and Wages	145,968.00	151,655.00	151,654.85	0.15	
Other Expenses	54,050.00	54,050.00	11,889.02	42,160.98	
Assessment of Taxes:					
Salaries and Wages	40,927.00	40,927.00	40,159.26	767.74	
Other Expenses	1,475.00	1,475.00	1,421.70	53.30	
Collection of Taxes:					
Salaries and Wages	88,500.00	88,500.00	86,879.46	1,620.54	
Other Expenses	8,720.00	9,220.00	8,680.74	539.26	
Legal Services and Costs:					
Other Expenses	106,500.00	102,500.00	96,969.07	5,530.93	
Municipal Prosecutor:					
Salaries and Wages	22,048.00	22,048.00	19,051.12	2,996.88	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	36,300.78	40,279.78	40,279.51	0.27	
Other Expenses	36,100.00	38,200.00	33,896.25	4,303.75	
Board of Adjustment:					
Salaries and Wages	36,300.78	37,417.78	37,417.50	0.28	
Other Expenses	5,725.00	5,725.00	2,886.81	2,838.19	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
General Government (Cont'd):					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Zoning Officer:					
Salaries and Wages	\$ 61,370.00	\$ 61,972.00	\$ 61,971.00	\$ 1.00	
Other Expenses	1,050.00	1,050.00	392.13	657.87	
Public Defender (P.L. 1997-C 256):					
Other Expenses	3,803.00	3,803.00	3,803.00		
Engineering Services:					
Other Expenses	53,000.00	53,000.00	46,829.00	6,171.00	
Environmental Commission (N.J.S.A. 40A56A-1 et seq.):					
Salaries and Wages	1,500.00	1,528.00	1,527.22	0.78	
Other Expenses	300.00	300.00	290.00	10.00	
Shade Tree Commission:					
Salaries and Wages	1,500.00	1,500.00		1,500.00	
Other Expenses	4,000.00	4,000.00	3,000.00	1,000.00	
Buildings and Grounds:					
Other Expenses	121,000.00	125,650.00	113,831.76	11,818.24	
Insurance:					
Temporary Unemployment Insurance	15,000.00	15,000.00	3,335.56	11,664.44	
Group Health Insurance	928,093.00	920,993.00	804,774.48	116,218.52	
Health Benefit Waiver	20,000.00	20,000.00	17,923.06	2,076.94	
General Liability Insurance	206,100.00	196,100.00	188,057.04	8,042.96	
Worker Compensation Insurance	181,300.00	181,300.00	181,300.00		
Accumulated Absences	1,000.00	1,000.00		1,000.00	
Public Safety:					
Aid to Volunteer Fire Companies	110,000.00	110,000.00	102,572.53	7,427.47	
Fire Prevention Inspector:					
Salaries and Wages	15,500.00	15,500.00	15,500.00		
Other Expenses	3,000.00	3,000.00	3,000.00		

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Public Safety (Cont'd):					
Fire Prevention (Uniform Fire Safety) :					
Salaries and Wages	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00		
Other Expenses	155,358.00	155,358.00	142,212.68	\$ 13,145.32	
Police:					
Salaries and Wages	2,880,096.00	2,858,096.00	2,774,047.98	84,048.02	
Other Expenses	61,250.00	61,250.00	37,016.59	24,233.41	
Purchase of Police Vehicles	40,000.00	40,000.00	39,847.27	152.73	
Emergency Management:					
Salaries and Wages	11,726.00	11,906.00	11,905.26	0.74	
Other Expenses	9,200.00	9,200.00	7,807.04	1,392.96	
Municipal Court:					
Salaries and Wages	86,541.00	90,425.00	90,424.78	0.22	
Other Expenses	5,690.00	5,690.00	4,374.62	1,315.38	
Municipal Radio and Communications:					
Other Expenses	231,009.00	231,009.00	227,085.58	3,923.42	
Aid to Volunteer Ambulance Company	35,000.00	35,000.00	35,000.00		
Streets and Roads:					
Road Repairs and Maintenance:					
Salaries and Wages	650,307.00	660,734.00	660,733.67	0.33	
Other Expenses	138,450.00	138,450.00	135,687.71	2,762.29	
Other Expenses - Storm Emergency (N.J.S.A. 40A:4-46 \$30,000.00)		30,000.00	30,000.00		
Street Lighting	100,000.00	100,000.00	77,663.63	22,336.37	
Fleet Maintenance:					
Other Expenses	129,450.00	123,450.00	97,830.54	25,619.46	
Sanitation:					
Garbage and Trash Removal - Contractual	321,000.00	321,000.00	291,952.68	29,047.32	
Other Expenses	320,000.00	320,000.00	270,049.09	49,950.91	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Sanitation (Cont'd):					
Sewer System:					
Salaries and Wages	\$ 371,990.00	\$ 371,990.00	\$ 267,360.37	\$ 104,629.63	
Other Expenses	223,185.00	263,185.00	247,708.76	15,476.24	
Health and Welfare:					
Board of Health:					
Other Expenses	58,911.00	58,911.00	58,910.58	0.42	
Services of Visiting Nurse - Contractual	8,586.00	8,586.00	8,586.00		
PEOSHA:					
Other Expenses	5,000.00	5,000.00	1,030.00	3,970.00	
Recreation and Education:					
Parks and Playgrounds:					
Salaries and Wages	107,000.00	113,889.00	113,888.46	0.54	
Other Expenses	55,835.00	55,835.00	49,549.66	6,285.34	
Stirling Lake Recreation Facility:					
Salaries and Wages	50,000.00	50,000.00	48,358.16	1,641.84	
Other Expenses	21,900.00	17,900.00	14,564.03	3,335.97	
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	22,500.00	22,500.00	20,426.23	2,073.77	
Senior Citizens' Transportation:					
Salaries and Wages	10,000.00	12,549.00	12,548.77	0.23	
Other Expenses	17,000.00	17,000.00	14,393.42	2,606.58	
Salary Adjustment Account:					
Salaries and Wages	50,000.00	39,573.00	830.00	38,743.00	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:24:17)					
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	\$ 115,000.00	\$ 122,321.00	\$ 122,320.85	\$ 0.15	
Other Expenses	8,000.00	8,000.00	5,911.24	2,088.76	
Unclassified:					
Utilities:					
Gasoline	142,000.00	142,000.00	107,936.55	34,063.45	
Electricity	308,000.00	308,000.00	213,796.06	94,203.94	
Telephone	60,000.00	60,000.00	48,826.14	11,173.86	
Natural Gas	28,000.00	28,000.00	11,224.29	16,775.71	
Heating Fuel	22,000.00	22,000.00	18,186.55	3,813.45	
Water	42,000.00	42,000.00	38,949.54	3,050.46	
Management Information Systems:					
Other Expenses	80,000.00	75,000.00	69,790.41	5,209.59	
Condo Services Act	37,000.00	32,000.00	30,690.48	1,309.52	
Total Operations Within "CAPS"	9,727,546.70	9,757,546.70	8,898,379.16	859,167.54	
Detail:					
Salaries and Wages	5,094,771.70	5,074,821.70	4,826,507.89	248,313.81	
Other Expenses	4,632,775.00	4,682,725.00	4,071,871.27	610,853.73	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	\$ 254,919.00	\$ 254,919.00	\$ 254,919.00		
Social Security System (O.A.S.I.)	393,705.72	393,705.72	388,457.44	\$ 5,248.28	
Police and Firemen's Retirement System of NJ	568,273.00	568,273.00	568,273.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,216,897.72</u>	<u>1,216,897.72</u>	<u>1,211,649.44</u>	<u>5,248.28</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>10,944,444.42</u>	<u>10,974,444.42</u>	<u>10,110,028.60</u>	<u>864,415.82</u>	
Operations Excluded from "CAPS":					
Insurance (N.J.S.A. 40A:4-45.3(00))					
Employee Group Health	9,907.00	9,907.00	9,907.00		
Maintenance of Free Public Library (N.J.S.A. 40:54-8) (C. 82, P.L. 1985)	545,425.00	545,425.00	545,425.00		
Length of Service Award Programs (LOSAP)	105,000.00	105,000.00		105,000.00	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS"(Cont'd):					
Public and Private Programs Offset by Revenues:					
Reserve for Alcohol Education and Rehabilitation Fund	\$ 863.77	\$ 863.77	\$ 863.77		
Reserve for Body Armor Grant	2,514.41	2,514.41	2,514.41		
Reserve for Clean Communities Program	16,223.19	16,223.19	16,223.19		
Green Acres Program - Passaic River Basin (N.J.S.A. 40A:4-87 + \$325,000.00)		325,000.00	325,000.00		
NJ DOT Grant - Gillette School Sidewalks (N.J.S.A. 40A:4-87 + \$40,000.00)		40,000.00	40,000.00		
Emergency Management Assistance (EMA) Funding (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Community Forestry Services (N.J.S.A. 40A:4-87 + \$3,000.00)		3,000.00	3,000.00		
Total Operations Excluded from "CAPS"	679,933.37	1,052,933.37	947,933.37	\$ 105,000.00	
Detail:					
Other Expenses	679,933.37	1,052,933.37	947,933.37	105,000.00	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	141,485.00	141,485.00	141,485.00		
Total Capital Improvements Excluded from "CAPS"	141,485.00	141,485.00	141,485.00		

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,235,000.00	\$ 1,235,000.00	\$ 1,235,000.00		
Interest on Bonds	463,760.00	463,760.00	460,760.00		\$ 3,000.00
N.J. Wastewater Treatment Financing Program:					
Principal on Loan - 1993 Loan	205,809.00	205,809.00	199,071.64		6,737.36
Interest on Loan - 1993 Loan	3,000.00	3,000.00	2,437.50		562.50
N.J. Environmental Infrastructure:					
Principal on Loan-2001 Loan	15,000.00	15,000.00	15,000.00		
Interest on Loan-2001 Loan	14,425.00	14,425.00	14,425.00		
Principal on Fund - 2001 Loan	57,814.00	57,814.00	57,813.55		0.45
Total Municipal Debt Service Excluded from "CAPS"	1,994,808.00	1,994,808.00	1,984,507.69		10,300.31
Deferred Charges - Municipal - Excluded from "CAPS":					
Emergency Authorizations	150,000.00	150,000.00	150,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	150,000.00	150,000.00	150,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,966,226.37	3,339,226.37	3,223,926.06	\$ 105,000.00	10,300.31
Subtotal General Appropriations	13,910,670.79	14,313,670.79	13,333,954.66	969,415.82	10,300.31
Reserve for Uncollected Taxes	813,315.00	813,315.00	813,315.00		
Total General Appropriations	\$ 14,723,985.79	\$ 15,126,985.79	\$ 14,147,269.66	\$ 969,415.82	\$ 10,300.31

Ref.

A

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,723,985.79	
Emergency Appropriation by NJSA 40A:4-53		30,000.00	
Appropriation by NJSA 40A:4-87		373,000.00	
		\$ 15,126,985.79	
Reserve for Uncollected Taxes			\$ 813,315.00
Reserve for Encumbrances	A		173,586.25
Reserve for Emergency Appropriation - Hurricane Sandy			7,004.03
Reserve for Tax Appeals			24,123.30
Due Federal and State Grant Fund			392,601.37
Deferred Charges			150,000.00
Cash Disbursed			13,198,302.56
			14,758,932.51
Less: Appropriation Refunds			611,662.85
			\$ 14,147,269.66

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
TRUST FUNDS

TOWNSHIP OF LONG HILL
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 41,186.91	\$ 38,711.20
		<u>41,186.91</u>	<u>38,711.20</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	3,102,699.73	3,697,986.49
Due from Current Fund	A	45,983.17	30,696.40
Historic Preservation Grant Receivable		241,038.00	
		<u>3,389,720.90</u>	<u>3,728,682.89</u>
TOTAL ASSETS		<u>\$ 3,430,907.81</u>	<u>\$ 3,767,394.09</u>

TOWNSHIP OF LONG HILL
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 31,687.20	\$ 35,804.60
Due to Current Fund	A	9,497.31	2,906.60
Due to State of New Jersey		2.40	
		<u>41,186.91</u>	<u>38,711.20</u>
Other Trust Funds:			
Reserve for Developer's Escrow		91,825.44	77,419.25
Reserve for Unemployment Insurance		7,303.68	3,780.91
Reserve for Municipal Open Space		1,712,213.32	2,395,034.81
Reserve for Historical Preservation		550,460.09	91,208.89
Reserve for COAH		437,237.30	520,781.62
Reserve for Special Deposits:			
Special Law Enforcement		3,382.17	3,373.28
Recycling		17,328.32	34,429.94
Shade Tree Donations		10,375.14	10,300.14
Uniform Fire Safety		2,609.76	2,273.76
Recreation Program		14,106.08	5,882.73
Parking Offense Adjudication Act		848.02	792.02
Road Openings		16,750.00	13,850.00
Beautification Program		13,759.26	14,200.31
Fill Permits		800.00	400.00
Tax Sale Premiums		101,679.97	178,879.97
Accumulated Absences		253,767.07	246,267.07
Snow Removal		57,650.64	34,335.04
Tax Title Liens Held in Trust		81,863.62	81,863.62
Public Defender Fees		13,662.00	11,353.50
Title Search		200.00	200.00
Outside Police Services		1,899.02	2,056.03
		<u>3,389,720.90</u>	<u>3,728,682.89</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,430,907.81</u>	<u>\$ 3,767,394.09</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 781,004.93	\$ 2,117,070.62
NJ Environmental Infrastructure Trust Loan Receivable		351,773.00	351,773.00
Federal and State Grants Receivable:			
State of NJ Transportation Trust Fund		38,970.00	95,043.02
Due from Current Fund	A	202,000.00	
Deferred Charges to Future Taxation:			
Funded		12,604,016.98	14,117,639.41
Unfunded	C-4	6,592,732.17	497,555.19
TOTAL ASSETS		<u>\$ 20,570,497.08</u>	<u>\$ 17,179,081.24</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 11,354,000.00	\$ 12,589,000.00
New Jersey Wastewater Treatment Loan #3	C-9		205,808.88
NJ Environmental Infrastructure Trust Loans Payable	C-9a	1,250,016.98	1,322,830.53
Improvement Authorizations:			
Funded	C-5	1,139,897.19	1,913,797.58
Unfunded	C-5	5,644,852.25	121,533.44
Reserve for:			
NJ Department of Transportation Grant Receivable		38,970.00	95,043.02
Sewer Contributions		249,116.43	300,164.59
Preliminary Costs		93.15	82,439.85
Payment of Debt Service		138,000.27	178,000.27
FEMA		202,000.00	
Capital Improvement Fund	C-6	154,233.29	82,758.77
Fund Balance	C-1	399,317.52	287,704.31
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 20,570,497.08</u>	<u>\$ 17,179,081.24</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 287,704.31
Increased by:		
Cancellation of Improvement Authorizations		<u>111,613.21</u>
Balance December 31, 2013	C	<u><u>\$ 399,317.52</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31	
		2013	2012
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 288,674.07	\$ 320,811.09
Total Operating Fund		<u>288,674.07</u>	<u>320,811.09</u>
Capital Fund:			
Fixed Capital	D-7	274,803.85	216,541.85
Due from Parking Lot and Facilities			
Utility Operating Fund	D	<u>21,500.00</u>	<u>21,500.00</u>
Total Capital Fund		<u>296,303.85</u>	<u>238,041.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 584,977.92</u>	<u>\$ 558,852.94</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-8	\$ 41,481.05	\$ 11,422.27
Encumbered	D-4;D-8	<u>1,525.00</u>	<u>1,890.00</u>
Total Appropriation Reserves		43,006.05	13,312.27
Prepaid Parking Permits		67,150.00	61,455.00
Due to Parking Lot and Facilities			
Utility Capital Fund	D	<u>21,500.00</u>	<u>21,500.00</u>
		131,656.05	96,267.27
Fund Balance	D-1	<u>157,018.02</u>	<u>224,543.82</u>
Total Operating Fund		<u>288,674.07</u>	<u>320,811.09</u>
Capital Fund:			
Reserve for Amortization		274,803.85	216,541.85
Reserve for Future Improvements		<u>21,500.00</u>	<u>21,500.00</u>
Total Capital Fund		<u>296,303.85</u>	<u>238,041.85</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 584,977.92</u>	<u>\$ 558,852.94</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 95,000.00	
Parking Lot Fees and Permits		77,184.40	\$ 76,473.05
Rental of Facilities		18,091.20	16,583.60
Interest Income		776.33	832.29
Other Credits to Income:			
Appropriation Reserves Lapsed		11,422.27	10,127.15
Total Income		<u>202,474.20</u>	<u>104,016.09</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		25,000.00	25,000.00
Capital Outlay		100,000.00	5,000.00
Total Expenditures		<u>125,000.00</u>	<u>30,000.00</u>
Excess in Revenue		77,474.20	74,016.09
<u>Fund Balance</u>			
Balance January 1		224,543.82	200,527.73
		<u>302,018.02</u>	<u>274,543.82</u>
Decreased by:			
Utilized as Anticipated Revenue		95,000.00	
Amount Anticipated as Current Fund Revenue		50,000.00	50,000.00
Balance December 31	D	<u>\$ 157,018.02</u>	<u>\$ 224,543.82</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Anticipated	Realized	Excess or Deficit *
Fund Balance Appropriated	\$ 95,000.00	\$ 95,000.00	
Parking Lot Fees and Permits	30,000.00	77,184.40	\$ 47,184.40
Miscellaneous Revenue Not Anticipated:			
Rental of Facilities		18,091.20	18,091.20
Interest on Investments		776.33	776.33
	\$ 125,000.00	\$ 191,051.93	\$ 66,051.93

Analysis of Realized Revenue

Parking Lot Fees and Permits:	
Parking Permits	\$ 15,729.40
Prepaid Parking Permits Applied	61,455.00
	\$ 77,184.40

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	
Other Expenses	17,500.00	17,500.00	17,500.00	
Capital Improvements:				
Capital Outlay	100,000.00	100,000.00	58,518.95	\$ 41,481.05
	<u>\$ 125,000.00</u>	<u>\$ 125,000.00</u>	<u>\$ 83,518.95</u>	<u>\$ 41,481.05</u>

Ref.

D

Analysis of Paid or Charged:

Cash Disbursed		\$ 81,993.95
Encumbrances	D	1,525.00
		<u>\$ 83,518.95</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

TOWNSHIP OF LONG HILL
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,	
	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Land and Buildings	\$ 28,320,321.00	\$ 28,320,321.00
Vehicles, Furniture and Equipment	6,814,746.44	7,344,804.91
<u>TOTAL ASSETS</u>	<u>\$ 35,135,067.44</u>	<u>\$ 35,665,125.91</u>
 <u>RESERVE</u>		
Reserve for Fixed Assets	<u>\$ 35,135,067.44</u>	<u>\$ 35,665,125.91</u>
<u>TOTAL RESERVE</u>	<u>\$ 35,135,067.44</u>	<u>\$ 35,665,125.91</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Long Hill include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Long Hill, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Long Hill do not include the operations of the municipal library, or volunteer fire and first aid squads.

Governmental Accounting Standards Board (“GASB”) Codification Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB codification section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Long Hill conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Such 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 Long Hill accounts for its financial transactions through the following separate funds:

Current Fund – Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Parking Lot and Facilities Utility Operating and Capital Fund – Account for the operations and acquisition of capital facilities of the municipally owned parking utility.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group (Unaudited) – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future year's revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Parking Lot and Facilities Utility Capital Fund would be depreciated.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or through capital lease purchase agreements.

E. Other Significant Accounting Policies Include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

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

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

Inventories of Supplies – The 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.

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets; maintenance and minor parts and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Parking Lot and Facilities Utility Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Parking Lot and Facilities Utility Fund are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations of the cost of acquisitions of property, equipment and improvements. The Parking Lot and Facilities Utility does not record depreciation on fixed assets.

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, Parking Lot and Facilities Utility Operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 12,604,016.98	\$ 14,117,639.41	\$ 15,626,817.39
Total Issued	<u>12,604,016.98</u>	<u>14,117,639.41</u>	<u>15,626,817.39</u>
Less: Funds Temporarily Held to Pay Bonds and Notes:			
Reserve to Pay Debt Service	138,000.27	178,000.27	153,218.90
Total Deductions	<u>138,000.27</u>	<u>178,000.27</u>	<u>153,218.90</u>
Net Debt Issued	<u>12,466,016.71</u>	<u>13,939,639.14</u>	<u>15,473,598.49</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>6,592,732.17</u>	<u>497,555.19</u>	<u>1,734,107.47</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 19,058,748.88</u>	<u>\$ 14,437,194.33</u>	<u>\$ 17,207,705.96</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12
General Capital Fund:				
Serial Bonds	\$ 13,824,000.00		\$ 1,235,000.00	\$ 12,589,000.00
Loans Payable:				
NJ Wastewater Treatment:				
Loan III	407,173.31		201,364.43	205,808.88
NJ EIT Loan Payable	1,395,644.08		72,813.55	1,322,830.53
Total	<u>\$ 15,626,817.39</u>	<u>\$ -0-</u>	<u>\$ 1,509,177.98</u>	<u>\$ 14,117,639.41</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/12	Additions	Retirements	Balance 12/31/13
General Capital Fund:				
Serial Bonds	\$ 12,589,000.00		\$ 1,235,000.00	\$ 11,354,000.00
Loans Payable:				
NJ Wastewater Treatment:				
Loan III	205,808.88		205,808.88	
NJ EIT Loan Payable	1,322,830.53		72,813.55	1,250,016.98
Total	<u>\$ 14,117,639.41</u>	<u>\$ -0-</u>	<u>\$ 1,513,622.43</u>	<u>\$ 12,604,016.98</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 Revised Annual Debt Statement and indicates a statutory net debt of 1.16%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local and Regional School District Debt	\$ 20,124,252.70	\$ 20,124,252.70	
General Debt	19,196,749.15	138,000.27	\$ 19,058,748.88
	<u>\$ 39,321,001.85</u>	<u>\$ 20,262,252.97</u>	<u>\$ 19,058,748.88</u>

Net Debt \$19,058,748.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,646,051,888 = 1.16%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 57,611,816.08
Net Debt	<u>19,058,748.88</u>
Remaining Borrowing Power	<u>\$ 38,553,067.20</u>

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

Analysis of Debt Issued and Outstanding at December 31, 2013

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
	<u>Outstanding Dec. 31, 2013</u>			
	<u>Date</u>	<u>Amount</u>		
General Bonds of 2007	2/15/2014	\$ 200,000.00	4.00%	\$ 5,250,000.00
	2/15/2015-2019	375,000.00	4.00%	
	2/15/2020-2026	400,000.00	4.00%	
	2/15/2027	375,000.00	4.00%	
General Refunding Bonds of 2007	2/15/2014-2015	290,000.00	4.00%	1,995,000.00
	2/15/2016-2017	285,000.00	4.00%	
	2/15/2018-2019	280,000.00	4.00%	
	2/15/2020	285,000.00	4.00%	

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2013 (Cont'd)

General Capital Fund (Cont'd)

Serial Bonds (Cont'd)

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2013</u>			
	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2013</u>
General Bonds of 2011	7/15/14	\$ 200,000.00	2.00%	\$ 3,484,000.00
	7/15/15-17	200,000.00	2.50%	
	7/15/18-21	200,000.00	3.00%	
	7/15/22	200,000.00	3.125%	
	7/15/23	200,000.00	3.25%	
	7/15/24-25	200,000.00	3.50%	
	7/15/26	200,000.00	3.625%	
	7/15/27-30	200,000.00	4.00%	
	7/15/31	84,000.00	4.00%	
General Refunding				
Bonds of 2011	2/15/2014	625,000.00	3.00%	625,000.00
				<u>\$ 11,354,000.00</u>

New Jersey Environmental Infrastructure Trust Loans

On March 10, 2010, the Township entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the aggregate amount of \$1,507,000.00, which represents direct obligations of the Township. The loan agreements were obtained to finance the additional costs for improvement of the wastewater treatment plant. Principal and interest payments commenced August 1, 2010 and continue on a semiannual basis through August 1, 2029.

Also, annual administrative fees of three-tenths of one percent (.30%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time and of one percent (1.00%) of the initial principal amount of the loan or such lesser amount, if any, as the state may approve from time to time are payable on these loans

The balance of the loan at December 31, 2013 was as follows:

NJ Environmental Infrastructure Trust Loan	<u>\$ 1,250,016.98</u>
Total Debt Issued and Outstanding	<u>\$ 12,604,016.98</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for the Next Five Years and Thereafter for Bonded Debt and Loans Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,387,813.55	\$ 411,835.00	\$ 1,799,648.55
2015	937,813.55	383,985.00	1,321,798.55
2016	932,813.55	351,635.00	1,284,448.55
2017	932,813.55	319,485.00	1,252,298.55
2018	932,813.55	287,335.00	1,220,148.55
2019-2023	3,929,067.75	824,640.00	4,753,707.75
2024-2028	2,984,067.75	499,420.00	3,483,487.75
2029-2031	566,813.73	31,720.00	598,533.73
	<u>\$ 12,604,016.98</u>	<u>\$ 3,110,055.00</u>	<u>\$ 15,714,071.98</u>

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2013, which was appropriated and included as anticipated revenue in the year ending December 31, 2014 adopted budget, was as follows:

Current Fund	\$950,000.00
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Note 4: Local and Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Long Hill has elected not to defer school taxes.

Note 5: Pension Plans

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the PFRS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 5: Pension Plans (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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 employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.64% effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Township contributions to PFRS amounted to \$568,273, \$522,896 and \$637,139 for 2013, 2012 and 2011, respectively. Township contributions to PERS amounted to \$254,919, \$266,798 and \$255,467 for 2013, 2012 and 2011, respectively. Township contributions to DCRP amounted to \$3,839 and \$1,656 for 2013 and 2012. There were no contributions required in 2011 for DCRP.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$213,486. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

This amount is fully reserved in the Reserve for Accrued Sick and Vacation of \$253,767 on the Trust Funds balance sheet at December 31, 2013.

Note 7: Deferred Compensation Plan

The Township of Long Hill offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Lincoln National Life Insurance Company, is available to all Township employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>2.956</u>	<u>2.815</u>	<u>2.725</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.769	.747	.725
Municipal Open Space	.019	.019	.019
County	.324	.327	.329
Local School	1.250	1.179	1.180
Regional School	.594	.587	.562
<u>Assessed Valuations</u>			
2013	<u>\$ 1,265,348,326</u>		
2012		<u>\$ 1,279,126,515</u>	
2011			<u>\$ 1,292,281,441</u>

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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 37,485,028.58	\$ 36,745,945.05	98.02%
2012	36,645,995.74	35,801,001.36	97.69%
2011	36,404,872.89	35,630,937.07	97.87%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments, if any, are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities also are permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Township to purchase the following types of securities:

- (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;

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (3) Any obligation 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;
- (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; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (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 statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2013, cash and cash equivalents of the Township of Long Hill consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Savings and Checking Accounts</u>	<u>Totals</u>
Current Fund	\$ 400.00	\$ 4,162,281.46	\$ 4,162,681.46
Federal and State Grant Fund		128,838.64	128,838.64
Animal Control Fund		41,186.91	41,186.91
Other Trust Fund		3,102,699.73	3,102,699.73
General Capital Fund		781,004.93	781,004.93
Parking Lot and Facilities Utility Operating Fund		288,674.07	288,674.07
	<u>\$ 400.00</u>	<u>\$ 8,504,685.74</u>	<u>\$ 8,505,085.74</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

During the period ended December 31, 2013, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2013, was \$8,505,085.74 and the bank balance was \$8,621,836.18.

Note 10: Risk Management

Property and Liability

The Township 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. Health benefits are provided through the State of New Jersey health benefits plan.

Property and Liability

The Township of Long Hill is a member of the Morris County Municipal Joint Insurance Fund. This Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for 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
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Risk Management (Cont'd)

Property and Liability (Cont'd)

The December 31, 2013 audit report of the Fund is not filed as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2012 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 23,194,803
Net Position	\$ 9,573,823
Total Revenue	\$ 14,615,049
Total Expenses	\$ 16,961,968
Change in Net Position	\$ (2,346,919)
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township/ Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 16,292.65	\$ 7.51	\$ 17,035.99	\$ 14,537.19
2012	11,824.82	10.53	22,591.63	3,780.91
2013	18,940.97	21.15	15,439.35	7,303.68

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 11: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 17,497.31	\$ 247,983.17
Federal and State Grant Fund		8,000.00
Animal Control Fund		9,497.31
Other Trust Fund	45,983.17	
General Capital Fund	202,000.00	
Parking Lot and Facilities Utility Operating Fund		21,500.00
Parking Lot and Facilities Utility Capital Fund	21,500.00	
	<u>\$ 286,980.48</u>	<u>\$ 286,980.48</u>

The interfund receivable in the Other Trust Fund and the interfund payable in the Current Fund is due to a cash advance that has not yet been returned. The interfund receivable in the Current Fund and payable in the Animal Control Fund is due to the statutory excess in the Animal Control Fund that has not yet been turned over to the Current Fund. The interfund receivable in Current Fund and the interfund payable in the General Capital Fund was for FEMA funds received in Current Fund that have not been turned over to the General Capital Fund. The interfund receivable and the interfund payable in the Parking Lot and Facilities Funds are due to interest that has not yet been turned over.

Note 12: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1997. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2013 and 2012 were \$1,712,213.32 and \$2,395,034.81, respectively.

Note 13: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. In the opinion of the General Counsel to the Township, payment of claims by the Township, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 13: Commitments and Contingencies (Cont'd)

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$499,123, which the Township believes is adequate to cover any potential liability.

Note 14: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

TOWNSHIP OF LONG HILL

SUPPLEMENTARY DATA

TOWNSHIP OF LONG HILL
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
DECEMBER 31, 2013

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

Name	Amount of Bond	Name of Corporate or Personal Surety
Guy Piserchia		
Cornel Schuler Jr.		
Michael Mazzucco		
Bruce Meringolo		
Brendan Rae		
Guy Roshto		
Neil Henry	(A)	
James Mangin	(A)	
Cathy Reese	(A)	
Joan Donat	(A)	Selective Insurance Company
James D. Bride	(A)	Selective Insurance Company
Annette Naylor	(A)	Ohio Casualty Insurance Company
Donna Ruggiero	(A)	
John R. Pidgeon		
Jerry Hoffman	(A)	
Greg Impink		
Edward C. Tencza	(A)	
Brett Trout	(A)	
Daniel Hedden	(A)	
Michael Mazzeo		
Paul Ferriero		
Tom Sweeney	(A)	

(A) Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
CURRENT FUND

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2012	A	\$ 3,416,288.21	\$ 147,508.16
Increased by Receipts:			
Tax Collector		\$ 37,741,277.00	
Revenue Accounts Receivable		2,363,605.24	
Sewer Charges Receivable		1,480,493.20	
Sewer Overpayments		3,132.63	
Appropriation Refunds		611,662.85	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions		84,251.37	
Miscellaneous Revenue Not Anticipated		98,784.46	
Due to:			
State of NJ - Building Surcharge Fees		15,089.00	
State of NJ - Marriage License Fees		750.00	
Interest on Investments and Deposits		8,722.59	
Due from Federal and State Grant Fund		97,936.75	
Due to Other Trust Fund:			
Interfund Advanced/Returned		44,652.39	
Public Defender Receipts		2,308.50	
Due from Animal Control Fund		3,043.99	
Due General Capital Fund:			
Interfund Advanced/Returned		3,322.61	
Reserve for FEMA		202,000.00	
Emergency Appropriation - FEMA receipts		30,000.00	
Federal and State Grants Receivable			\$ 56,324.48
Interest Earned			463.24
Unappropriated Reserves			22,479.51
		<u>42,791,032.58</u>	<u>79,267.23</u>
		46,207,320.79	226,775.39

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF CASH
(Continued)

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Decreased by Disbursements:			
2013 Appropriation Expenditures		\$ 13,198,302.56	
2012 Appropriation Reserves		632,308.74	
County Taxes Payable		4,096,376.69	
Local School Taxes Payable		15,807,565.00	
Regional School Taxes Payable		7,512,968.00	
Accounts Payable		2,092.57	
Refund of Prior Year Revenue		1,472.63	
Due to Current Fund			\$ 97,936.75
Due from Federal and State Grant Fund:			
Appropriated Reserve Expenditures		105,473.51	
Tax Overpayments Refunded		51,446.13	
Sewer Overpayments Refunded		3,556.05	
Third Party Tax Title Liens		202,024.58	
Reserve for Emergency Appropriation - Hurricane Sandy		131,973.47	
Due to/from Other Trust Fund:			
Interfund Returned		30,696.40	
Open Space Trust Fund		252,310.00	
Due to:			
State of NJ - Building Surcharge Fees		15,523.00	
State of NJ - Marriage License Fees		950.00	
		<u>\$ 42,045,039.33</u>	<u>\$ 97,936.75</u>
Balance December 31, 2013	A	<u>\$ 4,162,281.46</u>	<u>\$ 128,838.64</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:	
Taxes Receivable	\$ 36,706,656.02
2014 Prepaid Taxes	666,047.18
Interest and Costs on Taxes	165,011.57
Tax Overpayments	48,501.26
Third Party Tax Title Liens	154,160.97
Revenue Accounts Receivable - Tax Search Fees	<u>900.00</u>
	\$ 37,741,277.00
Decreased by:	
Payments to Treasurer	<u>\$ 37,741,277.00</u>

TOWNSHIP OF LONG HILL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec.31, 2012</u>	<u>2013 Realized Revenue</u>	<u>2013 Receipts</u>	<u>Transferred from Unappropriated Reserve</u>	<u>Balance Dec.31, 2013</u>
Clean Communities Program		\$ 16,223.19		\$ 16,223.19	
Reserve for Alcohol Education and Rehabilitation		863.77		863.77	
Body Armor Grant	\$ 5,247.76	2,514.41		2,514.41	\$ 5,247.76
Emergency Management Assistance (EMA) Funding	1,500.00	5,000.00			6,500.00
Highlands TDR Feasibility Grant	12,500.00				12,500.00
Morris County Historic Preservation Trust (2010)	13,531.00				13,531.00
Morris County Signal Upgrades Valley Road	26,324.48		\$ 26,324.48		
Comcast Communication Equipment Grant	30,000.00		30,000.00		
Shade Tree Challenge Grant	3,000.00				3,000.00
NJDOT Grant - Gillette Schools Sidewalks		40,000.00			40,000.00
NJDEP Green Acres - Passaic Basin		325,000.00			325,000.00
Community Forestry Shade Tree Grant		3,000.00			3,000.00
	<u>\$ 92,103.24</u>	<u>\$392,601.37</u>	<u>\$ 56,324.48</u>	<u>\$ 19,601.37</u>	<u>\$408,778.76</u>

Ref. A

A

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2013 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec.31, 2012		2012	2013				Dec.31, 2013
2011	\$ 7,242.16			\$ 4,042.90				3,199.26
2012	624,775.39			612,145.92	\$ (655.48)		\$ 6,267.15	\$ 7,017.80
	632,017.55			616,188.82	(655.48)		6,267.15	10,217.06
2013		\$ 37,485,028.58	\$ 570,175.11	36,090,467.20	85,302.74	\$ 98,711.94	43,701.50	596,670.09
	\$ 632,017.55	\$ 37,485,028.58	\$ 570,175.11	\$ 36,706,656.02	\$ 84,647.26	\$ 98,711.94	\$ 49,968.65	\$ 606,887.15
<u>Ref.</u>	A							A

Analysis of 2013 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 37,291,471.21
Business Personal Property Taxes	112,225.31
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	81,332.06
	<u>\$ 37,485,028.58</u>

Tax Levy:

Regional High School Taxes	\$ 7,512,968.00
Local School District Taxes	15,807,570.00
County Taxes	\$ 4,087,665.75
Due County for Added and Omitted Taxes	9,042.92
	4,096,708.67
Municipal Open Space Taxes	252,838.67
	27,670,085.34
Local Tax for Municipal Purposes Levied	9,189,858.42
Municipal Library Tax	545,425.00
Add: Additional Tax Levied	79,659.82
	9,814,943.24
	<u>\$ 37,485,028.58</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 246,512.22
Increased by:			
Interest and Costs on Tax Sale		\$ 853.74	
Transfer from Taxes Receivable		<u>49,968.65</u>	
			<u>50,822.39</u>
Balance December 31, 2013	A		<u>\$ 297,334.61</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Collected by		Balance
	Dec.31, 2012	2013	Collector	Treasurer	Dec.31, 2013
Licenses:					
Alcoholic Beverages		\$ 22,121.00		\$ 22,121.00	
Fees and Permits		84,140.56	\$ 900.00	83,240.56	
Municipal Court:					
Fines and Costs	\$ 4,037.38	99,538.43		99,927.10	\$ 3,648.71
Uniform Construction Code Fees		176,389.00		176,389.00	
State of New Jersey					
Energy Receipts Tax		1,354,573.00		1,354,573.00	
Life Hazard Use		23,857.75		23,857.75	
Tower Rental - Verizon		59,374.23		59,374.23	
Tower Rental - AT&T Wireless		48,241.54		48,241.54	
Playground Registration		63,300.00		63,300.00	
Basketball Registration		41,900.00		41,900.00	
Cable Franchise Fee		38,437.41		38,437.41	
Great Swamp		60,856.00		60,856.00	
Stirling Lake Registration		44,262.00		44,262.00	
Utility Operating Surplus - Prior Year		50,000.00		50,000.00	
Verizon Franchise Fees - FIOS		48,450.53		75,091.80	
Reserve for Debt Payment		40,000.00		40,000.00	
Long Hill Library Pension Reimbursement		39,345.75		39,345.75	
FEMA Reimbursement		35,188.10		35,188.10	
	<u>\$ 4,037.38</u>	<u>\$ 2,337,475.30</u>	<u>\$ 900.00</u>	<u>\$ 2,363,605.24</u>	<u>\$ 3,648.71</u>
Ref.	A				A

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 109,143.22
Increased by:		
Sewer Charges Levied		<u>1,458,122.95</u>
		1,567,266.17
Decreased by:		
Collections	\$ 1,480,493.20	
Cancelled	<u>7,755.00</u>	
		<u>1,488,248.20</u>
Balance December 31, 2013	A	<u><u>\$ 79,017.97</u></u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	Balance Dec.31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 40,928.93	\$ 40,928.93	\$ 607.50	\$ 40,321.43
Other Expenses	14,010.96	14,010.96	5,786.90	8,224.06
Communication Advisory Committee	1,739.27	1,739.27	74.64	1,664.63
Mayor and Council:				
Other Expenses	5,250.00	5,250.00	5,250.00	
Elections:				
Other Expenses	347.87	347.87		347.87
Financial Administration:				
Other Expenses	42,467.85	42,467.85	41,735.57	732.28
Other Expenses - NJEIT Fees	0.45	0.45		0.45
Assessment of Taxes:				
Salaries and Wages	5,419.77	5,419.77		5,419.77
Other Expenses	938.62	938.62	561.85	376.77
Collection of Taxes:				
Salaries and Wages	4,079.53	4,079.53		4,079.53
Other Expenses	1,651.05	1,651.05	1,481.15	169.90
Legal Services And Costs:				
Other Expenses	5,049.05	5,049.05	1,281.82	3,767.23
Municipal Prosecutor:				
Salaries and Wages	2,996.88	2,996.88		2,996.88
Engineering Services and Costs:				
Other Expenses	3,928.09	3,928.09	3,912.03	16.06
Planning Board:				
Salaries and Wages	0.46	0.46		0.46
Other Expenses	5,440.32	5,440.32	4,914.73	525.59
Board of Adjustment:				
Other Expenses	758.84	758.84	137.80	621.04
Zoning Officer:				
Salaries and Wages	695.00	695.00		695.00
Other Expenses	410.00	410.00	381.70	28.30
Public Defender (P.L. 1997 - c 256):				
Other Expenses	170.00	170.00		170.00
Environmental Commission:				
Salaries and Wages	238.60	238.60		238.60
Other Expenses	445.00	445.00		445.00
Shade Tree Commission:				
Salaries and Wages	1,500.00	1,500.00		1,500.00
Other Expenses	500.00	500.00		500.00
Buildings and Grounds:				
Other Expenses	16,066.59	12,066.59	7,748.60	4,317.99
Insurance:				
Temporary Unemployment Insurance	12,684.61	12,684.61		12,684.61
Group Health Insurance	59,307.05	59,307.05		59,307.05
Health Benefit Waiver	1,250.00	1,250.00		1,250.00
General Liability Insurance	262.55	262.55		262.55
Accumulated Absences	7,500.00	7,500.00	7,500.00	
Preparation of Fair Housing:				
Other Expenses	2,500.00	2,500.00		2,500.00

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Balance Dec.31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
Public Safety:				
Aid to Volunteer Fire Companies	\$ 13,743.79	\$ 13,743.79	\$ 51.84	\$ 13,691.95
Fire Prevention (Uniform Fire Safety):				
Other Expenses	28,585.38	28,585.38	25,811.20	2,774.18
Police:				
Salaries and Wages	130,054.38	130,054.38		130,054.38
Other Expenses	66,994.70	66,994.70	48,362.55	18,632.15
Purchase of Police Vehicles	10,268.00	10,268.00	9,035.18	1,232.82
Reserve for Purchase of Police Vehicles	5,000.00	5,000.00		5,000.00
Emergency Management:				
Other Expenses	1,770.79	1,770.79	1,580.55	190.24
Municipal Radio and Communications:				
Salaries and Wages	142,989.82	142,989.82	1,481.79	141,508.03
Other Expenses	40,000.00	40,000.00	1,309.82	38,690.18
Municipal Court:				
Salaries and Wages	75.00	75.00	75.00	
Other Expenses	1,382.77	1,382.77	533.11	849.66
Streets and Roads:				
Road Repair and Maintenance:				
Salaries and Wages	1,200.08	1,200.08		1,200.08
Other Expenses	48,660.61	48,660.61	42,172.30	6,488.31
Street Lighting	20,569.03	20,569.03	19,224.15	1,344.88
Fleet Maintenance:				
Other Expenses	42,852.25	34,852.25	11,666.97	23,185.28
Sanitation:				
Garbage and Trash Removal - Contractual	52,014.50	52,014.50	51,480.00	534.50
Recycling and Sanitary Landfill Facility:				
Other Expenses	52,640.22	57,640.22	56,928.49	711.73
Sewer System:				
Salaries and Wages	7,456.12	4,456.12		4,456.12
Other Expenses	44,492.36	44,492.36	44,239.49	252.87
Health and Welfare:				
Board of Health:				
Other Expenses	2,394.54	2,394.54		2,394.54
Services of Visiting Nurse - Contractual	314.00	314.00		314.00
PEOSHA:				
Other Expenses	5,000.00	5,000.00	2,491.72	2,508.28
Recreation and Education:				
Parks and Playgrounds:				
Other Expenses	11,450.98	11,450.98	9,745.95	1,705.03
Stirling Lake Recreation Facility:				
Salaries and Wages	566.60	566.60		566.60
Other Expenses	1,706.70	1,706.70		1,706.70
Celebration of Public Event, Anniversary, or Holiday:				
Other Expenses	11,959.10	11,959.10	8,976.22	2,982.88
Senior Citizens' Transportations:				
Salaries and Wages	4,460.50	4,460.50		4,460.50
Other Expenses	4,620.85	4,620.85	3,859.20	761.65
Salary Adjustment Account:				
Salaries and Wages (Adjustment)	31,258.99	31,258.99		31,258.99

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Balance Dec.31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
State Uniform Construction Code:				
Construction Official:				
Salaries and Wages	\$ 862.50	\$ 862.50	\$ 862.50	
Other Expenses	1,664.04	1,664.04	584.61	\$ 1,079.43
Unclassified:				
Utilities:				
Gasoline	24,850.01	24,850.01	23,710.55	1,139.46
Electricity	71,762.53	66,762.53	44,363.31	22,399.22
Telephone	8,010.93	8,010.93	3,479.24	4,531.69
Natural Gas	20,487.08	20,487.08	4,031.60	16,455.48
Heating Fuel	5,391.58	5,391.58	4,018.56	1,373.02
Water	8,346.96	8,346.96	3,788.70	4,558.26
MIS Management Information Systems:				
Other Expenses	39,353.55	39,353.55	5,622.96	33,730.59
Condo Services Act	7,893.67	22,893.67	22,893.30	0.37
Statutory Expenditures:				
Contributions to Social Security System (O.A.S.I.)	7,362.44	7,362.44	19.82	7,342.62
LOSAP	114,000.00	114,000.00	105,780.00	8,220.00
Shared Municipal Service Agreements:				
Fire Prevention Inspector:				
Other Expenses	1,680.99	1,680.99		1,680.99
	<u>\$ 1,334,685.68</u>	<u>\$ 1,334,685.68</u>	<u>\$ 639,554.97</u>	<u>\$ 695,130.71</u>

	<u>Ref.</u>		
<u>Analysis of Balance at December 31, 2012:</u>			
Unencumbered	A	\$ 1,036,347.75	
Encumbered	A	298,337.93	
		<u>\$ 1,334,685.68</u>	

<u>Analysis of Paid or Charged:</u>	
Cash Disbursed	\$ 632,308.74
Accounts Payable	7,246.23
	<u>\$ 639,554.97</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Balance December 31, 2012 (Prepaid)	A	\$ (5.00)
Increased by:		
Levy - Calendar Year 2013		15,807,570.00
		<u>15,807,565.00</u>
Decreased by:		
Payments to Local School District		<u>\$ 15,807,565.00</u>

CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Increased by:		
Levy - Calendar Year 2013		\$ 7,512,968.00
Decreased by:		
Payments to Regional School District		<u>\$ 7,512,968.00</u>

TOWNSHIP OF LONG HILL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	<u>Balance</u> <u>Dec.31, 2012</u>	<u>Transferred</u> <u>from</u> <u>2013 Budget</u> <u>Appropriation</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Dec.31, 2013</u>
Recycling Tonnage Grant	\$ 39,594.06		\$ 39,594.06	
Drunk Driving Enforcement Fund	5,472.83		395.00	\$ 5,077.83
Clean Communities Program	19,248.61	\$ 16,223.19	30,013.81	5,457.99
Alcohol Education and Rehabilitation Fund	14,681.23	863.77	750.10	14,794.90
Emergency Management Grant	6,152.40	5,000.00	123.60	11,028.80
New Jersey Department of Community Affairs - Body Armor Grant	21,466.76	2,514.41	4,401.40	19,579.77
Bulletproof Vests - Federal	14,031.52			14,031.52
Highlands TDR Feasibility Grant	21,375.00		1,466.67	19,908.33
Morris County Historic Preservation Trust	4,301.00			4,301.00
Morris County Historic Preservation Trust	40,678.00			40,678.00
Comcast Communication Equipment Grant	30,000.00		13,025.00	16,975.00
Shade Tree Challenge Grant	3,000.00			3,000.00
NJDOT - Gillette Schools Sidewalk		40,000.00	15,703.87	24,296.13
NJDEP Green Acres - Passaic Basin		325,000.00		325,000.00
Community Forestry Tree		3,000.00		3,000.00
	<u>\$ 220,001.41</u>	<u>\$ 392,601.37</u>	<u>\$ 105,473.51</u>	<u>\$ 507,129.27</u>

Ref.

A

A

Paid by Current Fund \$ 105,473.51

TOWNSHIP OF LONG HILL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Cash</u> <u>Received</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Balance</u> <u>Dec.31, 2013</u>
Drunk Driving Enforcement Fund	\$ 0.95			\$ 0.95
Alcohol Education and Rehabilitation Fund	863.77	\$ 422.20	\$ 863.77	422.20
Body Armor	2,514.41	3,011.63	2,514.41	3,011.63
Bulletproof Vests	7.39			7.39
Clean Communities	16,223.19	19,045.68	16,223.19	19,045.68
Recycling Tonnage Grant	0.28			0.28
	<u>\$19,609.99</u>	<u>\$ 22,479.51</u>	<u>\$ 19,601.37</u>	<u>\$22,488.13</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
TRUST FUNDS

TOWNSHIP OF LONG HILL
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund	Other Trust Funds
Balance December 31, 2012	B	\$ 38,711.20	\$ 3,697,986.49
Increased by Receipts:			
Animal Control Fees		\$ 15,354.60	
State Registration Fees		1,370.40	
Miscellaneous and Late Fees		2,730.00	
Developers Escrow			\$ 144,803.06
Reserve for Municipal Open Space:			
Open Space Tax Levy			189,232.50
Deposits and Interest			41,878.75
Reserve for Historical Preservation:			
Historical Preservation Tax Levy			63,077.50
Transfer from Municipal Open Space			157,158.30
Road Opening			2,900.00
Parking Offense Adjudication Act Fees			56.00
Fill Permits			400.00
Recycling			61,393.38
COAH			14,157.93
Uniform Fire Safety Deposits			336.00
Recreation			8,223.35
Due to/from Current Fund:			
Interfund Returned			30,696.40
Interest Earned		137.39	1,506.39
Shade Tree Donations			75.00
Accumulated Absences			7,500.00
Snow Removal			23,315.60
Unemployment Insurance Deposits			18,962.12
Tax Sale Premiums			9,900.00
Special Law Enforcement			8.89
		<u>19,592.39</u>	<u>775,581.17</u>
		58,303.59	4,473,567.66
Decreased by Disbursements:			
State Registration Fees		1,368.00	
Expenditures Under R.S. 4:19-15.11		12,704.69	
Due to Current Fund		3,043.99	2,452.39
Developers Escrow Refunds/Fees			130,396.87
Reserve for Municipal Open Space:			
Open Space Trust Expenditures			757,303.11
Transfer to Historical Preservation			157,158.30
Historical Preservation Expenditures			2,022.60
State Unemployment Insurance			15,439.35
COAH			97,702.25
Recycling Expenditures			78,495.00
Tax Sale Premiums			129,300.00
Beautification Program			441.05
Outside Police Services			157.01
		<u>17,116.68</u>	<u>1,370,867.93</u>
Balance December 31, 2013	B	<u>\$ 41,186.91</u>	<u>\$ 3,102,699.73</u>

TOWNSHIP OF LONG HILL
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LONG HILL
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 35,804.60
Increased by:		
Animal Control Fees:		
Animal Control License Fees Collected		\$ 15,354.60
Miscellaneous and Late Fees		<u>2,730.00</u>
		<u>18,084.60</u>
		53,889.20
Decreased by:		
Expenditures Under R.S. 4:19-15.11		12,704.69
Statutory Excess Due Current Fund		<u>9,497.31</u>
		<u>22,202.00</u>
Balance December 31, 2013	B	<u>\$ 31,687.20</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 16,039.20
2012	<u>15,648.00</u>
Maximum Allowable Reserve	<u>\$ 31,687.20</u>

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 2,117,070.62
Increased by:		
NJ Department of Transportation Grant Receivable	\$	56,073.02
Due Current Fund:		
Interest Earned		3,322.61
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund		141,485.00
Reserve for Sewer Contributions		45,000.00
		<u>245,880.63</u>
		2,362,951.25
Decreased by:		
Improvement Authorization Expenditures		1,346,580.90
Due to Current Fund as Anticipated Revenue:		
Reserve to Pay Debt Service		40,000.00
Due to Current Fund		3,322.61
Reserve for Preliminary Costs		192,042.81
		<u>1,581,946.32</u>
Balance December 31, 2013	C	<u>\$ 781,004.93</u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2013	
		Budget Appropriation	Other	Improvement Authorizations	Other	From	To		
Fund Balance	\$ 287,704.31							\$ 399,317.52	
Capital Improvement Fund	82,758.77	\$ 141,485.00				\$ 83,000.00	\$ 111,613.21	154,233.29	
Due to Current Fund			\$ 3,322.61		\$ 3,322.61		12,989.52		
NJ Department of Transportation Grant Receivable	(95,043.02)		56,073.02					(38,970.00)	
NJEIT Receivable	(351,773.00)							(351,773.00)	
Reserve for:									
Payment of Debt Service	178,000.27				40,000.00			138,000.27	
Sewer Contributions	300,164.59		45,000.00			109,696.11	13,647.95	249,116.43	
NJ Department of Transportation Grant Receivable	95,043.02					56,073.02		38,970.00	
Preliminary Costs	82,439.85				192,042.81		109,696.11	93.15	
<u>Ord. No.</u>	<u>Improvement Description</u>								
212-07	Various Improvements	812,381.66		\$ 250,475.02		300,000.00		261,906.64	
229-08	Various Improvements	121,431.42		5,620.00		105,695.42		10,116.00	
247-09	Improvements to the Sanitary Sewerage System	171,433.56		85,285.47				86,148.09	
250-09	Various Improvements	238,979.69		12,160.07		216,819.62		10,000.00	
260-10	Sanitary Sewer Improvements	17,606.00		3,958.05		13,647.95			
265-10	Various Improvements	45,206.64		1,292.25		14.64		43,899.75	
270-10	Refunding Bond Ordinance	(101,762.17)						(101,762.17)	
280-11	Acquisition of Equipment	16,622.77				8,330.00		8,292.77	
281-11	Initial Costs Associated with the Expansion of Waste Water Treatment System	3,822.00				3,822.00			
283-11	Acquisition of Equipment	6,476.99						6,476.99	
284-11	Acquisition of Equipment	16,067.96		141.18		8,090.93		7,835.85	
285-11	Acquisition of Equipment	4,659.52				4,659.52			
287-11	Purchase of Communication Equipment	(274,259.58)						(274,259.58)	
289-11	Acquisition of Fire Department Equipment	1,656.60				1,656.60			
296-12	Purchase of Computer Server	1,651.00				1,651.00			
304-12	Improvement of Main and Central Avenue	455,801.77		309,507.46			56,073.02	202,367.33	
315-13	Road/Drainage Improvements			654,858.17			83,000.00	(571,858.17)	
320-13	Various Improvements			23,283.23			526,137.00	502,853.77	
		<u>\$ 2,117,070.62</u>	<u>\$ 141,485.00</u>	<u>\$ 104,395.63</u>	<u>\$ 1,346,580.90</u>	<u>\$ 235,365.42</u>	<u>\$ 913,156.81</u>	<u>\$ 913,156.81</u>	<u>\$ 781,004.93</u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Funded by New Jersey Department of Transportation Grant	Improvement Authorizations Cancelled	Balance Dec. 31, 2013	Analysis of Balance December 31, 2013	
							Expenditures	Unexpended Improvement Authorizations
250-09	Various Improvements	\$ 450.00			\$ 450.00			
265-10	Various Improvements	300.00			300.00			
270-10	Refunding Bond Ordinance	101,762.17				\$ 101,762.17	\$ 101,762.17	
287-11	Purchase of Communication Equipment	300,000.00				300,000.00	274,259.58	\$ 25,740.42
304-12	Improvement of Main and Central Avenue	95,043.02		\$ 56,073.02		38,970.00		38,970.00
315-13	Road/Drainage Improvements		\$ 1,652,000.00			1,652,000.00	571,858.17	1,080,141.83
322-13	Sanitary Sewer Improvements		4,500,000.00			4,500,000.00		4,500,000.00
		<u>\$ 497,555.19</u>	<u>\$ 6,152,000.00</u>	<u>\$ 56,073.02</u>	<u>\$ 750.00</u>	<u>\$ 6,592,732.17</u>	<u>\$ 947,879.92</u>	<u>\$ 5,644,852.25</u>
	<u>Ref.</u>	C				C		

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2012		2013 Authorizations		Paid or Charged	Transfers	Cancelled	Balance Dec. 31, 2013	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded				Funded	Unfunded
<u>General Improvements:</u>												
212-07	Various Improvements	09/12/07	\$ 1,880,100.00	\$ 812,381.66				\$ 250,475.02	\$(300,000.00)		\$ 261,906.64	
229-08	Various Improvements	06/25/08	1,150,000.00	121,431.42				5,620.00	(100,000.00)	\$ 5,695.42	10,116.00	
247-09	Improvements to the Sanitary Sewerage System	07/08/09	2,000,000.00	171,433.56				85,285.47			86,148.09	
250-09	Various Improvements	08/12/09	541,000.00	238,979.69	\$ 450.00			12,160.07	(126,137.00)	91,132.62	10,000.00	
260-10	Sanitary Sewer Improvements	04/14/10	70,000.00	17,606.00				3,958.05		13,647.95		
265-10	Various Improvements	07/14/10	300,800.00	45,206.64	300.00			1,292.25		314.64	43,899.75	
280-11	Acquisition of Equipment	05/11/11	26,000.00	16,622.77						8,330.00	8,292.77	
281-11	Initial Costs Associated with the Expansion of Waste Water Treatment System	07/20/11	16,000.00	3,822.00						3,822.00		
283-11	Acquisition of Equipment	08/17/11	44,000.00	6,476.99							6,476.99	
284-11	Acquisition of Equipment	08/17/11	114,450.00	16,067.96				141.18		8,090.93	7,835.85	
285-11	Acquisition of Equipment	08/17/11	27,000.00	4,659.52						4,659.52		
287-11	Purchase of Communication Equipment	09/07/11	350,000.00		25,740.42							\$ 25,740.42
289-11	Acquisition of Fire Department Equipment	10/12/11	35,000.00	1,656.60						1,656.60		
296-12	Purchase of Computer Server	02/22/12	17,000.00	1,651.00						1,651.00		
304-12	Improvement of Main and Central Avenue	06/27/12	608,000.00	455,801.77	95,043.02			309,507.46			202,367.33	38,970.00
315-13	Road/Drainage Improvements	07/08/13	1,735,000.00			\$ 83,000.00	\$ 1,652,000.00	654,858.17				1,080,141.83
320-13	Various Improvements	09/11/13	526,137.00					23,283.23	526,137.00		502,853.77	
322-13	Sanitary Sewer Improvements	12/11/13	4,500,000.00					4,500,000.00				4,500,000.00
				<u>\$ 1,913,797.58</u>	<u>\$ 121,533.44</u>	<u>\$ 83,000.00</u>	<u>\$ 6,152,000.00</u>	<u>\$ 1,346,580.90</u>	<u>\$ -0-</u>	<u>\$ 139,000.68</u>	<u>\$ 1,139,897.19</u>	<u>\$ 5,644,852.25</u>
		Ref.	C	C							C	C
								Fund Balance		\$ 111,613.21		
								Capital Improvement Fund		12,989.52		
								Deferred Charges to Future Taxation - Unfunded		750.00		
								Reserve for Sewer Contributions		13,647.95		
										<u>\$ 139,000.68</u>		

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 82,758.77
Increased by:		
Improvement Authorizations Cancelled		\$ 12,989.52
Due from Current Fund:		
Current Fund Budget Appropriation		<u>141,485.00</u>
		<u>154,474.52</u>
		<u>237,233.29</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>83,000.00</u>
Balance December 31, 2013	C	<u><u>\$ 154,233.29</u></u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2012	Matured	Balance Dec. 31, 2013
			Outstanding Dec. 31, 2013 Date	Amount				
General Bonds of 2007	2/15/07	\$ 6,450,000.00	2/15/14	\$ 200,000.00	4.00%	\$ 5,450,000.00	\$ 200,000.00	\$ 5,250,000.00
			2/15/15-19	375,000.00	4.00%			
			2/15/20-26	400,000.00	4.00%			
			2/15/27	375,000.00	4.00%			
General Refunding Bonds of 2007	3/15/07	3,205,000.00	2/15/14-15	290,000.00	4.00%	2,285,000.00	290,000.00	1,995,000.00
			2/15/16-17	285,000.00	4.00%			
			2/15/18-19	280,000.00	4.00%			
			2/15/20	285,000.00	4.00%			
General Bonds of 2011	7/18/11	3,684,000.00	7/15/14	200,000.00	2.00%	3,584,000.00	100,000.00	3,484,000.00
			7/15/15-17	200,000.00	2.50%			
			7/15/18-21	200,000.00	3.00%			
			7/15/22	200,000.00	3.125%			
			7/15/23	200,000.00	3.25%			
			7/15/24-25	200,000.00	3.50%			
			7/15/26	200,000.00	3.625%			
			7/15/27-30	200,000.00	4.00%			
			7/15/31	84,000.00	4.00%			
General Refunding Bonds of 2011	7/27/11	1,915,000.00	2/15/14	625,000.00	3.00%	<u>1,270,000.00</u>	<u>645,000.00</u>	<u>625,000.00</u>
						<u>\$ 12,589,000.00</u>	<u>\$ 1,235,000.00</u>	<u>\$ 11,354,000.00</u>
					<u>Ref.</u>	C		C

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT TRUST - LOAN #3

	<u>Ref.</u>		
Balance December 31, 2012	C		\$ 205,808.88
Less:			
Principal Matured		\$ 199,071.64	
Cancelled		<u>6,737.24</u>	
			<u>205,808.88</u>
Balance December 31, 2013	C		<u>\$ -0-</u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 1,322,830.53
Decreased by:		
Principal Matured		72,813.55
Balance December 31, 2013	C	\$ 1,250,016.98

Schedule of Principal and Interest Payments Outstanding December 31, 2013

Trust Loan - 2001 Issue

Payment Number	Due Date	Principal	Interest	Loan Balance
				\$ 325,000.00
8	02/01/14		\$ 6,837.50	325,000.00
9	08/01/14	\$ 15,000.00	6,837.50	310,000.00
10	02/01/15		6,462.50	310,000.00
11	08/01/15	15,000.00	6,462.50	295,000.00
12	02/01/16		6,087.50	295,000.00
13	08/01/16	15,000.00	6,087.50	280,000.00
14	02/01/17		5,712.50	280,000.00
15	08/01/17	15,000.00	5,712.50	265,000.00
16	02/01/18		5,337.50	265,000.00
17	08/01/18	20,000.00	5,337.50	245,000.00
18	02/01/19		4,837.50	245,000.00
19	08/01/19	20,000.00	4,837.50	225,000.00
20	02/01/20		4,437.50	225,000.00
21	08/01/20	20,000.00	4,437.50	205,000.00
22	02/01/21		3,937.50	205,000.00
23	08/01/21	20,000.00	3,937.50	185,000.00
24	02/01/22		3,637.50	185,000.00
25	08/01/22	20,000.00	3,637.50	165,000.00
26	02/01/23		3,237.50	165,000.00
27	08/01/23	20,000.00	3,237.50	145,000.00
28	02/01/24		2,837.50	145,000.00
29	08/01/24	20,000.00	2,837.50	125,000.00
30	02/01/25		2,437.50	125,000.00
31	08/01/25	25,000.00	2,437.50	100,000.00
32	02/01/26		1,937.50	100,000.00
33	08/01/26	25,000.00	1,937.50	75,000.00
34	02/01/27		1,500.00	75,000.00
35	08/01/27	25,000.00	1,500.00	50,000.00
36	02/01/28		1,000.00	50,000.00
37	08/01/28	25,000.00	1,000.00	25,000.00
38	02/01/29		500.00	25,000.00
39	08/01/29	25,000.00	500.00	
		\$ 325,000.00	\$ 121,475.00	

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

(Continued)

Schedule of Principal Payments Outstanding December 31, 2013

Fund Loan - 2001 Issue

Payment Number	Due Date	Principal	Loan Balance
			\$ 925,016.98
8	02/01/14	\$ 19,271.18	905,745.80
9	08/01/14	38,542.37	867,203.43
10	02/01/15	19,271.18	847,932.25
11	08/01/15	38,542.37	809,389.88
12	02/01/16	19,271.18	790,118.70
13	08/01/16	38,542.37	751,576.33
14	02/01/17	19,271.18	732,305.15
15	08/01/17	38,542.37	693,762.78
16	02/01/18	19,271.18	674,491.60
17	08/01/18	38,542.37	635,949.23
18	02/01/19	19,271.18	616,678.05
19	08/01/19	38,542.37	578,135.68
20	02/01/20	19,271.18	558,864.50
21	08/01/20	38,542.37	520,322.13
22	02/01/21	19,271.18	501,050.95
23	08/01/21	38,542.37	462,508.58
24	02/01/22	19,271.18	443,237.40
25	08/01/22	38,542.37	404,695.03
26	02/01/23	19,271.18	385,423.85
27	08/01/23	38,542.37	346,881.48
28	02/01/24	19,271.18	327,610.30
29	08/01/24	38,542.37	289,067.93
30	02/01/25	19,271.18	269,796.75
31	08/01/25	38,542.37	231,254.38
32	02/01/26	19,271.18	211,983.20
33	08/01/26	38,542.37	173,440.83
34	02/01/27	19,271.18	154,169.65
35	08/01/27	38,542.37	115,627.28
36	02/01/28	19,271.18	96,356.10
37	08/01/28	38,542.37	57,813.73
38	02/01/29	19,271.18	38,542.55
39	08/01/29	38,542.55	
		<u>\$ 925,016.98</u>	

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Funded by New Jersey Department of Transportation Grant	Improvement Authorizations Cancelled	Balance Dec. 31, 2013
250-09	Various Improvements	\$ 450.00			\$ 450.00	
265-10	Various Improvements	300.00			300.00	
270-10	Refunding Bond Ordinance	101,762.17				\$ 101,762.17
287-11	Purchase of Communication Equipment	300,000.00				300,000.00
304-12	Improvement of Main and Central Avenue	95,043.02		\$ 56,073.02		38,970.00
315-13	Road/Drainage Improvements		\$ 1,652,000.00			1,652,000.00
322-13	Sanitary Sewer Improvements		4,500,000.00			4,500,000.00
		<u>\$ 497,555.19</u>	<u>\$ 6,152,000.00</u>	<u>\$ 56,073.02</u>	<u>\$ 750.00</u>	<u>\$ 6,592,732.17</u>

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2013
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2012	D	\$ 320,811.09
Increased by Receipts:		
Parking Permits	\$	15,729.40
Rental of Facilities		18,091.20
Interest on Investments		776.33
Prepaid Parking Permits		<u>67,150.00</u>
		<u>101,746.93</u>
		422,558.02
Decreased by Disbursements:		
2013 Appropriation Expenditures		81,993.95
2012 Appropriation Reserves		1,890.00
Due to Current Fund - Fund Balance Utilized as Anticipated Revenue		<u>50,000.00</u>
		<u>133,883.95</u>
Balance December 31, 2013	D	<u>\$ 288,674.07</u>

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
ANALYSIS OF PARKING LOT AND FACILITIES CAPITAL CASH

	<u>Balance (Deficit) Dec.31,2012</u>	<u>Balance (Deficit) Dec.31,2013</u>
Due from Parking Lot and Facilities		
Utility Operating Fund	\$ (21,500.00)	\$ (21,500.00)
Reserve for Future Improvements	21,500.00	21,500.00
	<u>\$ -0-</u>	<u>\$ -0-</u>

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2012	Additions by Budget	Balance Dec.31, 2013
Truck	\$ 15,655.00		\$ 15,655.00
Traffic Signs	165.00		165.00
Paving	3,747.96		3,747.96
Line Painter	3,000.00		3,000.00
Salt Spreader	3,345.00		3,345.00
Plumber Truck	7,000.00		7,000.00
Sink	173.89		173.89
Painting	5,800.00		5,800.00
Air Conditioning System	7,370.00		7,370.00
Purchase of Dump Truck	11,000.00		11,000.00
Floor	2,165.00		2,165.00
Repairs to Train Station	137,120.00	\$ 24,647.75	161,767.75
Parking Meters	10,000.00		10,000.00
Improvements to Millington Station			
Café Building	10,000.00		10,000.00
Roof Replacement		33,614.25	33,614.25
	<u>\$ 216,541.85</u>	<u>\$ 58,262.00</u>	<u>\$ 274,803.85</u>

D

D

TOWNSHIP OF LONG HILL
PARKING LOT AND FACILITIES UTILITY FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec.31, 2012</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 8,312.27	\$ 8,312.27	\$ 1,890.00	\$ 6,422.27
Capital Improvements:				
Capital Outlay	<u>5,000.00</u>	<u>5,000.00</u>		<u>5,000.00</u>
	<u>\$ 13,312.27</u>	<u>\$ 13,312.27</u>	<u>\$ 1,890.00</u>	<u>\$ 11,422.27</u>

Ref.

Analysis of Balance December 31, 2012

Appropriation Reserves:			
Unencumbered	D	\$ 11,422.27	
Encumbered	D	<u>1,890.00</u>	
		<u>\$ 13,312.27</u>	

TOWNSHIP OF LONG HILL

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF LONG HILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

Name of Federal Agency or Department	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period		Grant Award Amount	Received	Total Program Expendi- tures	Cumulative Program Expendi- tures
				From	To				
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Emergency Management Assistance	97.042	100-066-1200- 726-YEMR	01/01/11	12/31/14	\$ 5,000.00		\$ 123.60	\$ 3,971.20
								123.60	3,971.20
	Disaster Grants - Public Assistance - F.E.M.A. Superstorm Sandy	97.036	N/A	01/01/12	12/31/12	339,080.60	\$ 339,080.60	339,080.60 *	339,080.60
Total US Department of Homeland Security							339,080.60	339,204.20	343,051.80
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid - Main & Central Avenue	20.205	AKN-TCAP-6010	01/01/12	12/31/14	370,000.00	56,073.02	273,874.79	331,030.00
	Municipal Aid - Gillette Schools Sidewalk	20.205	AKN-TCAP-6010	01/01/13	12/31/14	40,000.00		15,703.87	15,703.87
	Total US Department of Transportation							56,073.02	289,578.66
Total Federal Awards							\$ 395,153.62	\$ 628,782.86	\$ 689,785.67

N/A - Not Applicable/Not Available

* - Expended in 2012.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LONG HILL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

New Jersey Agency or Department	Program Account No.	Name of Program	Grant Period		Grant Award Amount	Received	Total Program Expenditures	Cumulative Program Expenditures
			From	To				
Department of Environmental Protection	765-042-4900- 004-V42Y	Clean Communities Grant	01/01/10	12/31/13	\$ 17,271.95		\$ 2,797.31	\$ 17,271.95
			01/01/11	12/31/13	16,451.30		16,451.30	16,451.30
			01/01/12	12/31/14	16,223.19		10,765.20	10,765.20
			01/01/13	12/31/14	19,045.68	\$ 19,045.68		
						<u>19,045.68</u>	<u>30,013.81</u>	<u>44,488.45</u>
	752-042-4900- 001-V42Y-6020	Recycling Tonnage Grant	01/01/08	12/31/13	39,594.06		39,594.06	39,594.06
	S340404-07	NJ Environmental Infrastructure Trust and Fund Program	03/10/10	08/01/14	1,507,000.00		85,285.47	1,420,851.91
Total Department of Environmental Protection						<u>19,045.68</u>	<u>154,893.34</u>	<u>1,504,934.42</u>
New Jersey Highlands Council	09-032-080-1430	Highlands Water Protection and Planning Council Grant	01/01/10	12/31/14	25,000.00		1,466.67	5,091.67
Total New Jersey Highlands Council							<u>1,466.67</u>	<u>5,091.67</u>
Department of Health and Senior Services	760-098-9735- Y900-001	Alcohol Education Rehabilitation and Enforcement Fund	01/01/05	12/31/14	3,620.00		750.10	1,473.57
			01/01/13	12/31/14	422.20	422.20		
Total Department of Health and Senior Services						<u>422.20</u>	<u>750.10</u>	<u>1,473.57</u>
Department of Law and Public Safety	100-078-6400- YYYY	Drunk Driving Enforcement Fund	01/01/09	12/31/13	3,203.00		4.57	3,203.00
			01/01/10	12/31/14	1,846.26		390.43	390.43
							<u>395.00</u>	<u>3,593.43</u>
	718-066-1020 001-YCJF	Body Armor Replacement Program	01/01/06	12/31/14	11,673.43		4,401.40	11,113.08
			01/01/13	12/31/14	3,011.63	3,011.63		
						<u>3,011.63</u>	<u>4,401.40</u>	<u>11,113.08</u>
Total Department of Law and Public Safety						<u>3,011.63</u>	<u>4,796.40</u>	<u>14,706.51</u>
Department of the State - (Passed Through the County of Morris - Department of Planning, Development & Technology)	N/A	Historic Preservation Trust - Millington Schoolhouse	01/01/13	12/31/14	241,038.00		1,011.30	1,011.30
Total Department of State							<u>1,011.30</u>	<u>1,011.30</u>
Total State Awards						<u>\$ 22,479.51</u>	<u>\$ 162,917.81</u>	<u>\$ 1,527,217.47</u>

N/A - Not Applicable/Not Available

TOWNSHIP OF LONG HILL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Long Hill under programs of the federal and state governments for the year ended December 31, 2013. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 4. STATE LOANS OUTSTANDING

The Township of Long Hill has the following loans outstanding as of December 31, 2013:

NJ Environmental Infrastructure Trust Loan	<u>\$ 1,250,016.98</u>
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Currently, the Township is in the process of repaying the above loan balance. Current year loan receipts and disbursements on the NJ Environmental Infrastructure Trust Loan projects are reflected on the Schedule of Expenditures of State Awards.



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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*

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Long Hill
 Gillette, New Jersey

We have audited, in accordance with 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 (the "Division"), 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 of the Township of Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 9, 2014. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division 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 States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
Page 2

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2013-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Township's Response to the Finding

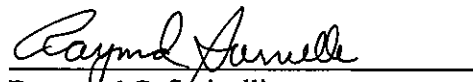
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Mount Arlington, New Jersey
May 9, 2014

NISIVOCIA LLP



Raymond G. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 383



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Report on Compliance For Each Major Federal Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Long Hill
 Gillette, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Township of Long Hill's (the "Township's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2013. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Township's compliance.

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
Page 2

Opinion on Each Major Federal Program

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mt. Arlington, NJ
May 9, 2014

NISIVOCCIA LLP


Raymond G. Sarinelli
Registered Municipal Accountant #383
Certified Public Accountant

TOWNSHIP OF LONG HILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, 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, as the general fixed assets account group was not audited.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133*.
- The auditor's report on compliance for its major federal program for the Township expresses an unmodified opinion on the major federal program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The Township was not subject to the single audit provisions of New Jersey's OMB Circular 04-04 for the year ended December 31, 2013 as state grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The Township's program tested as a major federal program for the current fiscal year consisted of the following federal program:

	CFDA #	Grant Expenditures
Disaster Grants - Public Assistance - FEMA	97.036	\$ 339,080.60

- The threshold used for distinguishing between Type A and Type B federal programs was \$300,000.
- The Township did not qualify as a "low risk" auditee for federal programs under the provisions of section 530 of the federal Circular.

TOWNSHIP OF LONG HILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2013

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2013-01

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The preparation of the general ledger and bank reconciliations are performed by one individual. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. While this is not unusual in operations the size of the Township, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

Due to staffing limitations the Township recognizes that segregation of duties is not maintained up to the standards that the Auditors' would prefer or recommend, but the Township believes there are offsetting controls that minimize the segregation of duties issues. Also, Treasury provides timely and accurate monthly financial reports to the Township Administration for their review and comment.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- Not applicable since expenditures were below the single audit threshold.

TOWNSHIP OF LONG HILL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2013-1.

TOWNSHIP OF LONG HILL

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for 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.

Collection of Interest on Delinquent Taxes and Sewer Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or sewer charges on or before the date when they would become delinquent.

On January 2, 2013, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Any taxpayer with a cumulative delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year shall be charged with a penalty equal to six percent (6%) of the amount of the delinquency. Interest to be waived on current taxes paid within the first 10 days after due dates.

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

Discount on Prepayment of Taxes

R.S. 54:4-67 provides that the governing body of each municipality may by resolution fix the rate of discount to be allowed for payment of taxes ...previous to the date on which they would become delinquent. The rates affixed shall not exceed six (6%) percent per annum, shall be allowed only in case of payment on or before the thirtieth (30) day previous to the date on which the taxes or assessments would be delinquent.

The Governing Body adopted Resolution 13-017 authorizing a discount on prepaid taxes:

WHEREAS, the Township Committee wishes to adopt a discount schedule for the payment of taxes;

NOW, THEREFORE BE IT RESOLVED by the Township Committee of the Township of Long Hill in the County of Morris and State of New Jersey that pursuant to R.S. 54:4-67 it hereby adopts the following schedule for prepayment of local property taxes:

1. A taxpayer may prepay one-quarter, two-quarters, three-quarters, or his entire tax bill for the following year.
2. All prepayments must be received on or before 12:00 noon on the last regular business day (on which books are open) of the year in which the taxes are due.

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS
(Continued)

Discount on Prepayment of Taxes (Cont'd)

3. The following factors shall be applied to prepayments made in accordance with paragraph 2 of this resolution:

First Quarter	.9917
Second Quarter	.9802
Third Quarter	.9674
Fourth Quarter	.9562

4. A taxpayer may not prepay the taxes for any quarter until the taxes for all the preceding quarters have been paid.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 26, 2013 and was complete with respect to all items eligible for sale.

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>
2013	33
2012	25
2011	23

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 taxpaying 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, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 Taxes	20
Payments of 2013 Taxes	20
Delinquent Taxes	15
Payments of Water/Sewer Utility Charges	10
Delinquent Water/Sewer Utility Charges	10
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2013. The items that were returned were checked and in agreement with the Township's records. For items not returned, alternative procedures were performed.

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Requirements under New Jersey Administrative Code

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting and record system.

The Township maintains general ledger, fixed assets and encumbrance accounting systems.

Municipal Court

The transactions for the year 2013 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance Dec. 31, 2012	Receipts	Disbursements	Balance Dec. 31, 2013
Municipal Treasurer:				
Fines and Costs	\$ 4,037.38	\$ 99,538.43	\$ 99,927.10	\$ 3,648.71
Restitution		749.57	749.57	
POAA FTA	2.00	54.00	56.00	
Weights and Measures	300.00	31,750.00	27,595.00	4,455.00
Public Defender	240.00	2,214.00	2,308.50	145.50
Conditional Discharge		640.00	470.00	170.00
Fish and Game		225.00	225.00	
Overpayments	(11.00)	95.00	84.00	
County Treasurer	1,817.00	44,908.00	43,458.50	3,266.50
State Treasurer:				
Fines and Costs	2,252.62	74,504.94	67,978.27	8,779.29
Miscellaneous	4.76	0.71	4.76	0.71
Bail	305.38	20,993.07	19,723.38	1,575.07
	<u>\$ 8,948.14</u>	<u>\$ 275,672.72</u>	<u>\$ 262,580.08</u>	<u>\$ 22,040.78</u>

Tax/Sewer Records

During our testing, we discovered that the current year and prior year tax and sewer levies were not proved out. We noted a few properties that had incorrect posting of appeals and senior citizen and veteran deductions. It was also noted that the Chief Financial Officer and Tax Collector records were not in agreement pertaining to collection of prepaid taxes and third party liens.

It is recommended that all levies are proved out at end of the year and that the Tax Collector records be in proof with Chief Financial Officer's records on a monthly basis.

Management's Response

Tax records will be proved to the Chief Financial Officer's records on a monthly basis and all levies will be proved out at year end.

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS
(Continued)

Accrued Sick and Vacation Liability

Although an estimate for the Township's liability for accrued sick and vacation pay was prepared and appears reasonable, the estimate was not detailed by employee. It is recommended that the estimate for the Township's liability for accrued sick and vacation pay be detailed by employee.

Management's Response

Management will continue to update the accrued sick and vacation liability to ensure a reasonable estimate by employee.

Developer's Escrow

During our review of the Developers' Escrow account, it was noted that the Township was not maintaining the escrow balances accurately and posting of disbursements were not properly allocated to the individual escrow accounts. It is recommended that the Township maintain proper recording of escrow activity.

Management's Response

In the future, the Township will ensure that the Developer's Escrow balances are tracked properly.

Length of Service Awards Program (LOSAP)

Although a LOSAP program has been implemented, a review of the account activity was not performed. It is recommended that a review of the LOSAP program be performed to ensure all eligible employees are receiving proper deposits in a timely manner.

Management's Response

The Township will review the LOSAP program and ensure that the activity is being tracked properly.

Appropriated Grant Reserves and Grants Receivable

The schedule of Federal and State Appropriated Reserves and Federal and State Grant Receivables include balances from prior years. The Township has made a great effort over the last couple of years to continually review grant balances and further action will be taken in 2014. Therefore, no formal recommendation is warranted.

Corrective Action Plan

Recommendations #1 and #2 from the 2012 audit report are included in the current year recommendations and are in the process of being implemented, where possible.

TOWNSHIP OF LONG HILL
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.
2. All levies are proved out at end of the year and that the Tax collector records are in proof with Chief Financial Officer's records on a monthly basis.
3. The estimate for the Township's liability for accrued sick and vacation pay be detailed by employee.
4. Developer's Escrow balances be properly maintained.
5. A review of the LOSAP program be performed to ensure all eligible employees are receiving proper deposits in a timely manner.
