

Report of Audit

on the

Financial Statements

of the

Township of Readington

in the

County of Hunterdon
New Jersey

for the

Year Ended
December 31, 2013

TOWNSHIP OF READINGTON

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TOWNSHIP OF READINGTON

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2013 AND 2012



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Readington
County of Hunterdon
509 Route 523
Whitehouse Station, New Jersey 08889

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Readington, as of December 31, 2013 and 2012, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the provisions of U.S. Office of Management and Budget (OMB) Circular 133, "Audits of States, Local Governments and Non-Profit Organizations" and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 regulatory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township of Readington on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account groups of the Township of Readington as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Readington's regulatory financial statements. The supplementary information and data and the schedules of expenditures of state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the regulatory 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 July 8, 2014 on our consideration of the Township of Readington'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 Readington's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 8, 2014

CURRENT FUND

TOWNSHIP OF READINGTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>ASSETS</u>			
Cash	A-4	\$ 5,816,356.50	\$ 6,363,706.12
Change Fund	A-6	450.00	450.00
Due State of New Jersey - Senior Citizens and Veterans	A-7	37,207.01	31,276.89
		<u>\$ 5,854,013.51</u>	<u>\$ 6,395,433.01</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 1,289,488.03	\$ 1,173,539.35
Tax Title Liens Receivable	A-9	98,850.15	95,103.23
Interfunds Receivable	A-12	5,839.30	1,899.85
	A	<u>\$ 1,394,177.48</u>	<u>\$ 1,270,542.43</u>
Deferred Charges	A-32	<u>\$ 2,400,000.00</u>	<u>\$ 3,035,000.00</u>
		<u>\$ 9,648,190.99</u>	<u>\$ 10,700,975.44</u>
Grant Fund:			
Grants Receivable	A-30	\$ 9,820.50	\$ 2,575.00
Interfunds Receivable	A-10	<u>33,158.60</u>	<u>37,249.72</u>
		<u>\$ 42,979.10</u>	<u>\$ 39,824.72</u>
		<u>\$ 9,691,170.09</u>	<u>\$ 10,740,800.16</u>

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

TOWNSHIP OF READINGTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
Appropriation Reserves	A-3:A-14	\$ 607,060.08	\$ 538,765.74
Prepaid Taxes	A-18	341,725.39	312,928.63
Accounts Payable	A-11	140,463.54	146,172.89
Tax Overpayments	A-17	115,942.76	49,233.52
Interfunds Payable	A-12	51,831.68	56,084.28
Reserve For:			
Sale of Municipal Assets	A-25	30,471.34	30,471.34
Due State of New Jersey:			
Marriage/Domestic Partnership Licenses	A-19	325.00	250.00
Construction Code DCA	A-21	7,478.00	17,602.00
Master Plan	A-24	83,310.95	83,310.95
Due County Food Inspectors	A-15	2,125.00	3,875.00
Tax Sale Premiums	A-31	487,500.00	261,900.00
Superstorm Sandy	A-33		3,000,000.00
Garden State Trust-Unappropriated	A-20		3,962.00
FEMA Sandy Aid-Unappropriated	A-16	914,558.10	
Reserve for Tax Appeals	A-34	370,000.00	370,000.00
County Tax Payable	A-26	41,913.48	27,673.91
Regional District School Tax Payable	A-27	3,052,130.18	3,052,130.18
		\$ 6,246,835.50	\$ 7,954,360.44
Reserve for Receivables and Other Assets	A	1,394,177.48	1,270,542.43
Fund Balance	A-1	2,007,178.01	1,476,072.57
		\$ 9,648,190.99	\$ 10,700,975.44
Grant Fund:			
Reserve for Grants - Appropriated	A-23	\$ 26,570.73	\$ 32,323.97
Reserve for Grants - Unappropriated	A-36	8,138.66	
Reserve for Accounts Payable	A-37	8,269.71	7,500.75
		\$ 42,979.10	\$ 39,824.72
		\$ 9,691,170.09	\$ 10,740,800.16

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

TOWNSHIP OF READINGTON
CURRENT FUND
 STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2013</u>	<u>YEAR ENDED DECEMBER 31, 2012</u>
Fund Balance Utilized	A-1:A-2	\$ 685,000.00	\$ 1,359,175.00
Miscellaneous Revenue Anticipated	A-2	3,880,540.61	3,451,793.79
Receipts From Delinquent Taxes	A-2	973,418.49	816,720.30
Receipts From Current Taxes	A-2	71,689,622.66	70,790,247.53
Non-Budget Revenue	A-2	109,637.48	226,692.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	430,564.01	507,679.94
Canceled Reserves	A-17:A-21:A-31	25,010.99	
Grant Cancellation			3,087.05
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 77,793,794.24</u>	<u>\$ 77,155,395.66</u>
 <u>EXPENDITURES</u> 			
Budget and Emergency Appropriations:			
Operations Within "CAPS"	A-3	\$ 11,816,032.00	\$ 14,646,711.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	1,944,727.00	1,304,111.00
Operations Excluded From "CAPS"	A-3	196,254.31	203,776.68
Municipal Debt Service	A-3	2,998,259.08	3,389,932.32
Capital Improvements	A-3	100,000.00	100,000.00
Open Space Tax	A-29	530,615.00	537,088.48
Added Open Space Tax	A-29	1,935.30	1,286.44
County Tax	A-26	11,488,449.06	11,304,249.67
County Share of Added Taxes	A-26	41,913.48	27,673.91
Regional District School Tax	A-27	18,490,719.00	18,668,932.02
Local District School Tax	A-28	28,774,995.00	29,204,708.69
Refund of Prior Revenue	A-4	189,850.12	57,312.68
Interfunds Advanced		3,939.45	611.55
Prior Year Tax Judgements			35,184.38
<u>TOTAL EXPENDITURES</u>		<u>\$ 76,577,688.80</u>	<u>\$ 79,481,578.82</u>
Excess in Revenue		<u>\$ 1,216,105.44</u>	<u>\$ (2,326,183.16)</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>\$</u>	<u>\$ 3,000,000.00</u>
Statutory Excess in Revenue		<u>\$ 1,216,105.44</u>	<u>\$ 673,816.84</u>
Fund Balance, January 1	A	<u>\$ 1,476,072.57</u>	<u>\$ 2,161,430.73</u>
		<u>\$ 2,692,178.01</u>	<u>\$ 2,835,247.57</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>685,000.00</u>	<u>1,359,175.00</u>
Fund Balance, December 31	A	<u>\$ 2,007,178.01</u>	<u>\$ 1,476,072.57</u>

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

TOWNSHIP OF READINGTON

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2013

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJS 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 685,000.00		\$ 685,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 17,244.05	\$	\$ 18,925.45	\$ 1,681.40
Alcoholic Beverages-Additional	A-13	1,455.95		1,455.95	
Fees and Permits:					
Construction Code Official	A-13	448,000.00		449,966.50	1,966.50
Other	A-2	145,000.00		178,738.00	33,738.00
Municipal Court:					
Fines and Costs	A-13	100,000.00		105,934.50	5,934.50
Interest and Costs on Taxes	A-13	215,000.00		226,581.78	11,581.78
Interest on Investments and Deposits	A-13	10,000.00		7,158.67	(2,841.33)
Energy Receipts Tax	A-13	1,421,711.00		1,421,711.00	
Garden State Trust Fund	A-20	3,962.00		3,962.00	
Fire Safety - Life Hazard Use Fees	A-13	23,000.00		25,460.45	2,460.45
FEMA Sandy Aid	A-13	600,000.00		600,000.00	
Museum Trust Balance	A-13	30,000.00		30,000.00	
Capital Fund Balance	A-13	200,000.00		200,000.00	
Housing Trust Fund Balance	A-13	130,000.00		130,000.00	
Sewer Expansion Trust Reserve	A-13	400,000.00		400,000.00	
Clean Communities	A-30		48,426.96	48,426.96	
Body Armor	A-30		3,125.80	3,125.80	
Alcohol Education Rehabilitation	A-30		3,852.55	3,852.55	
Police - Drive Sober	A-30		4,400.00	4,400.00	
Museum-NJ Historical Commission	A-30		10,841.00	10,841.00	
Eagle Project	A-30		10,000.00	10,000.00	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 3,745,373.00	\$ 80,646.31	\$ 3,880,540.61	\$ 54,521.30
Receipts From Delinquent Taxes	A-1:A-8	\$ 875,000.00	\$	\$ 973,418.49	\$ 98,418.49
Amt. to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-8	\$ 13,106,241.00	\$	\$ 13,796,995.82	\$ 690,754.82
<u>BUDGET TOTALS</u>		\$ 18,411,614.00	\$ 80,646.31	\$ 19,335,954.92	\$ 924,340.92
Non-Budget Revenues	A-2	\$	\$	\$ 109,637.48	\$ 109,637.48
		<u>\$ 18,411,614.00</u>	<u>\$ 80,646.31</u>	<u>\$ 19,445,592.40</u>	<u>\$ 1,033,978.40</u>
	REF.	A-3	A-3		

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

TOWNSHIP OF READINGTON
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:			
Revenue From Collections	A-1:A:8	\$	71,689,622.66
Allocated to:			
County Taxes	A-8	\$	11,530,362.54
Local District School Taxes	A-8		28,774,995.00
Regional District School Taxes	A-8		18,490,719.00
Municipal Open Space	A-8		<u>532,550.30</u>
Balance for Support of Municipal Budget Appropriations		\$	12,360,995.82
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,436,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>13,796,995.82</u></u>
Other - Fees and Permits:			
Clerk	A-13	\$	39,232.66
Health Department and Registrar	A-13		30,907.00
Planning and Zoning	A-13		31,008.40
Police	A-13		4,381.94
Fire	A-13		57,903.00
Public Works	A-13		<u>15,305.00</u>
	A-2	\$	<u><u>178,738.00</u></u>

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

TOWNSHIP OF READINGTON
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Senior Citizens and Veterans Administrative Fee	\$	3,026.88
Library Aid		724.00
Credit Card Convenience Fee		2,305.73
Scrap Auction Proceeds		7,215.00
Squad Loan Interest		605.25
Rent		24,549.00
Cable Franchise Fees		16,206.45
Museum Program		4,546.00
Recycling		6,398.61
Irene Storm Reimbursements		29,244.20
Miscellaneous		422.43
Tax Collector		<u>14,393.93</u>
<u>Total Non-Budget Revenue</u>	A-1:A-2:A-4	\$ <u><u>109,637.48</u></u>

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

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>GENERAL GOVERNMENT:</u>					
General Administration:					
Salaries and Wages	\$ 320,900.00	\$ 320,900.00	\$ 320,876.07	\$ 23.93	\$
Other Expenses:					
Elections	12,000.00	12,000.00	11,021.77	978.23	
Miscellaneous Other Expenses	105,000.00	105,000.00	99,756.44	5,243.56	
Mayor and Committee:					
Salaries and Wages	41,970.00	41,970.00	41,970.00		
Financial Administration:					
Salaries and Wages	191,300.00	191,300.00	179,388.63	11,911.37	
Other Expenses:	14,000.00	14,000.00	6,445.47	7,554.53	
Audit Services:					
Other Expenses	37,200.00	37,200.00	37,200.00		
Revenue Administration:					
Salaries and Wages	74,900.00	74,900.00	74,871.80	28.20	
Other Expenses	24,700.00	24,700.00	19,573.19	5,126.81	
Assessment of Taxes:					
Salaries and Wages	69,000.00	69,000.00	68,976.44	23.56	
Other Expenses:					
Revision of Tax Map	13,000.00	13,000.00	7,584.50	5,415.50	
Miscellaneous Other Expenses	7,500.00	7,500.00	1,869.24	5,630.76	
Legal Services:					
Other Expenses	275,000.00	370,000.00	351,185.79	18,814.21	
Engineering Services and Costs:					
Other Expenses	155,000.00	136,000.00	120,222.10	15,777.90	
Museum Committee:					
Salaries and Wages	32,000.00	22,000.00	17,923.75	4,076.25	
Other Expenses	18,000.00	18,000.00	11,464.47	6,535.53	
Historical Preservation:					
Other Expenses	2,500.00	2,500.00	18.48	2,481.52	
Planning Board:					
Salaries and Wages	20,900.00	25,600.00	25,433.55	166.45	
Other Expenses	3,500.00	3,500.00	3,458.15	41.85	
Board of Adjustment:					
Salaries and Wages	80,100.00	80,100.00	80,100.00		
Other Expenses	3,500.00	3,500.00	3,140.50	359.50	
Environmental Health Services:					
Salaries and Wages	4,370.00	4,370.00	4,370.00		
Other Expenses:					
Consultants	60,000.00	140,000.00	124,857.57	15,142.43	
Miscellaneous Other Expenses	4,000.00	4,000.00	1,452.84	2,547.16	
Insurance:					
General Liability	421,619.00	421,619.00	395,631.68	25,987.32	
Employee Group Health	2,004,392.00	1,904,392.00	1,883,521.85	20,870.15	
Worker's Compensation	226,381.00	226,381.00	226,381.00		
<u>PUBLIC WORKS AND FUNCTIONS:</u>					
Waste Collection/Recycling:					
Salaries and Wages	21,300.00	21,300.00	21,300.00		
Other Expenses	694,000.00	694,000.00	645,330.37	48,669.63	
Public Buildings and Grounds:					
Salaries and Wages	207,900.00	207,900.00	207,493.80	406.20	
Other Expenses	106,700.00	106,700.00	93,345.11	13,354.89	
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Police:					
Salaries and Wages	2,531,000.00	2,506,000.00	2,496,945.10	9,054.90	
Other Expenses	156,200.00	156,200.00	117,453.37	38,746.63	
Patrol of School Crossing:					
Salaries and Wages	42,500.00	42,500.00	33,999.42	8,500.58	
Emergency Management:					
Salaries and Wages	13,400.00	13,400.00	13,367.42	32.58	
Other Expenses	3,500.00	3,500.00	3,107.80	392.20	

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC SAFETY FUNCTIONS (CONTINUED):</u>					
Uniform Fire Safety Act:					
Salaries and Wages	\$ 44,100.00	\$ 44,100.00	\$ 44,081.54	\$ 18.46	\$
Other Expenses	4,000.00	4,000.00	3,725.28	274.72	
Fire:					
Aid to Volunteer Fire Companies	98,000.00	98,000.00	98,000.00		
Equipment for Volunteer Fire Company	77,400.00	77,400.00	75,848.61	1,551.39	
Training Fire Department Personnel	16,000.00	16,000.00	10,362.97	5,637.03	
Supplemental Fire Service Program:					
Other Expenses	10,000.00	10,000.00	8,141.54	1,858.46	
Aid to Volunteer Ambulance Companies:					
Whitehouse First Aid Organization	24,500.00	24,500.00	24,500.00		
Flemington First Aid Organization	20,400.00	20,400.00	8,386.91	12,013.09	
Municipal Prosecutor's Office:					
Other Expenses	37,000.00	37,000.00	31,578.81	5,421.19	
Municipal Court:					
Salaries and Wages	126,000.00	126,000.00	125,710.88	289.12	
Other Expenses	16,000.00	16,000.00	12,885.99	3,114.01	
Public Defender:					
Other Expenses	13,000.00	15,500.00	7,308.25	8,191.75	
Public Safety:					
Cost of Peosha Requirement	55,000.00	55,000.00	53,555.39	1,444.61	
<u>STREETS AND ROADS:</u>					
Road Repairs and Maintenance:					
Salaries and Wages	1,395,900.00	1,326,200.00	1,311,677.35	14,522.65	
Other Expenses	328,300.00	353,300.00	268,774.47	84,525.53	
Snow Removal:					
Other Expenses	130,000.00	145,000.00	71,740.33	73,259.67	
<u>HEALTH AND HUMAN SERVICES:</u>					
Board of Health:					
Salaries and Wages	40,700.00	40,700.00	39,173.68	1,526.32	
Other Expenses	22,000.00	22,000.00	20,764.71	1,235.29	
Animal Control:					
Other Expenses	20,000.00	20,000.00	20,000.00		
Administration of Public Assistance:					
Salaries and Wages	105,700.00	105,700.00	105,229.00	471.00	
Other Expenses	2,500.00	2,500.00	1,127.18	1,372.82	
Aid to Hunterdon County Charities:					
Other Expenses	1,500.00	1,500.00		1,500.00	
<u>RECREATION AND EDUCATION:</u>					
Recreation:					
Salaries and Wages	129,900.00	129,900.00	121,573.29	8,326.71	
Other Expenses	30,900.00	30,900.00	27,176.54	3,723.46	
Senior Citizens Transportation:					
Other Expenses	8,500.00	8,500.00	7,755.81	744.19	
Contribution to Visiting Homemaker Service:					
Other Expenses	1,100.00	1,100.00		1,100.00	
Expense of Participation in Free County Library:					
Salaries and Wages	139,900.00	139,900.00	135,664.68	4,235.32	
Other Expenses	10,000.00	10,000.00	6,662.18	3,337.82	
<u>UNIFORM CONSTRUCTION CODE:</u>					
Construction Official:					
Salaries and Wages	268,400.00	268,400.00	265,292.93	3,107.07	
Other Expenses	61,600.00	41,600.00	32,365.87	9,234.13	
<u>UNCLASSIFIED:</u>					
Celebration of Public Events:					
Other Expenses	7,000.00	7,000.00	6,802.92	197.08	
Utility Expenses and Bulk Purchases:					
Fire Hydrant Service	84,000.00	97,000.00	89,549.05	7,450.95	
Electricity	147,000.00	147,000.00	141,573.37	5,426.63	

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>UNCLASSIFIED (CONTINUED):</u>					
Street Lighting	\$ 50,000.00	\$ 50,000.00	\$ 38,382.79	\$ 11,617.21	\$
Telephone	79,000.00	79,000.00	73,550.96	5,449.04	\$
Fuel Oil	8,500.00				\$
Gasoline	200,000.00	217,000.00	197,438.41	19,561.59	\$
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 11,813,032.00</u>	<u>\$ 11,813,032.00</u>	<u>\$ 11,237,399.36</u>	<u>\$ 575,632.64</u>	<u>\$</u>
Contingent	\$ 3,000.00	\$ 3,000.00	\$ 1,260.00	\$ 1,740.00	\$
<u>TOTAL OPERATIONS INCLUDING CONTINGENT-WITHIN "CAP"</u>	<u>\$ 11,816,032.00</u>	<u>\$ 11,816,032.00</u>	<u>\$ 11,238,659.36</u>	<u>\$ 577,372.64</u>	<u>\$</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":</u>					
Deferred Charges:					
Public Employees Retirement System	\$ 366,703.00	\$ 366,703.00	\$ 366,703.00	\$	\$
Contribution to Social Security System (O.A.S.I.)	460,000.00	460,000.00	430,312.56	29,687.44	\$
Police and Firemen's Retirement System	478,024.00	478,024.00	478,024.00		\$
Unemployment Insurance	5,000.00	5,000.00	5,000.00		\$
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</u>	<u>\$ 1,309,727.00</u>	<u>\$ 1,309,727.00</u>	<u>\$ 1,280,039.56</u>	<u>\$ 29,687.44</u>	<u>\$</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE WITHIN "CAPS"</u>	<u>\$ 13,125,759.00</u>	<u>\$ 13,125,759.00</u>	<u>\$ 12,518,698.92</u>	<u>\$ 607,060.08</u>	<u>\$</u>
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Council on Affordable Housing:					
Salaries and Wages	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		\$
Emp Group Health	42,608.00	42,608.00	42,608.00		\$
LOSAP Program	72,000.00	72,000.00	72,000.00		\$
<u>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u>	<u>\$ 115,608.00</u>	<u>\$ 115,608.00</u>	<u>\$ 115,608.00</u>	<u>\$</u>	<u>\$</u>
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>					
Clean Communities Program (40A:4-87 +\$48,426.96)	\$	\$ 48,426.96	\$ 48,426.96	\$	\$
Body Armor (40A:4-87 +\$3,125.80)		3,125.80	3,125.80		
Municipal Alcohol Education/Rehabilitation (40A:4-87 +\$3,852.55)		3,852.55	3,852.55		
Museum (40A:4-87 +\$10,841.00)		10,841.00	10,841.00		
Drive Sober or Get Pulled Over (40A:4-87 +\$4,400.00)		4,400.00	4,400.00		
Eagle Project (40A:4-87 +\$10,000.00)		10,000.00	10,000.00		
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>	<u>\$</u>	<u>\$ 80,646.31</u>	<u>\$ 80,646.31</u>	<u>\$</u>	<u>\$</u>
<u>TOTAL OPERATION-EXCLUDED FROM "CAPS"</u>	<u>\$ 115,608.00</u>	<u>\$ 196,254.31</u>	<u>\$ 196,254.31</u>	<u>\$</u>	<u>\$</u>
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>					
Road Repair and Improvement	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		\$
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$</u>	<u>\$</u>
<u>MUNICIPAL DEBT SERVICES-EXCLUDED FROM "CAPS":</u>					
Payment of Bond Principal	\$ 1,155,000.00	\$ 1,155,000.00	\$ 1,155,000.00		\$
Payment of Note Principal	434,300.00	434,300.00	434,300.00		\$
Interest on Bonds	986,147.00	986,147.00	986,146.26		0.74
Interest on Notes	333,000.00	333,000.00	332,999.96		0.04
Green Acres Loans	90,800.00	90,800.00	89,812.86		987.14
<u>TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>	<u>\$ 2,999,247.00</u>	<u>\$ 2,999,247.00</u>	<u>\$ 2,998,259.08</u>	<u>\$</u>	<u>\$ 987.92</u>

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

		APPROPRIATIONS		EXPENDED		UNEXPENDED
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>DEFERRED CHARGES:</u>						
Special Emergency Authorizations - 5 Years		\$ 635,000.00	\$ 635,000.00	\$ 635,000.00	\$ _____	\$ _____
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE EXCLUDED FROM "CAPS"		\$ 3,849,855.00	\$ 3,930,501.31	\$ 3,929,513.39	\$ _____	\$ 987.92
<u>SUBTOTAL GENERAL APPROPRIATIONS</u>		\$ 16,975,614.00	\$ 17,056,260.31	\$ 16,448,212.31	\$ 607,060.08	\$ 987.92
<u>RESERVE FOR UNCOLLECTED TAXES</u>		1,436,000.00	1,436,000.00	1,436,000.00	_____	_____
<u>TOTAL GENERAL APPROPRIATIONS</u>		\$ 18,411,614.00	\$ 18,492,260.31	\$ 17,884,212.31	\$ 607,060.08	\$ 987.92
	<u>REF.</u>	A-2:A-3		A-1:A-3	A:A-1	
Budget	A-3		\$ 18,411,614.00			
Amendment - NJSA 40A: 4-87	A-2		80,646.31			
			<u>\$ 18,492,260.31</u>			
Reserve for Accounts Payable	A-11			\$ 140,463.54		
Reserve for Grants Appropriated	A-23			80,646.31		
Reserve for Uncollected Taxes	A-2			1,436,000.00		
Prior Deferred Charges	A-32			635,000.00		
Disbursements	A-4			16,228,865.95		
				\$ 18,520,975.80		
Less: Refunds	A-4			636,763.49		
	A-3			<u>\$ 17,884,212.31</u>		

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TRUST FUND

"B"

TOWNSHIP OF READINGTON

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ <u>5,615.30</u>	\$ <u>3,352.48</u>
		\$ <u>5,615.30</u>	\$ <u>3,352.48</u>
Other Funds:			
Cash	B-1	\$ 2,037,675.18	\$ 1,891,602.01
Due Current Fund	B-3	18,673.08	
Due Net Payroll - Payroll Deduction	B-9	799.52	5,442.93
Accounts Receivable - Other	B-8	400,000.00	400,000.00
Intrafund - Driveway Maintenance/General Trust	B-11	302.28	
		\$ <u>2,457,450.06</u>	\$ <u>2,297,044.94</u>
		\$ <u>2,463,065.36</u>	\$ <u>2,300,397.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	B-10	\$ 400.84	\$ 2.94
Prepaid Licenses	B-2	633.00	1,521.00
Reserve for Animal Control Expenditures	B-7	<u>4,581.46</u>	<u>1,828.54</u>
		\$ <u>5,615.30</u>	\$ <u>3,352.48</u>
Other Funds:			
Due Current Fund	B-3	\$ 512.11	\$ 293.44
Reserve for Various Trust Deposits	B-4	2,456,635.67	2,295,233.82
Due General Capital Fund - Open Space	B-5		1,517.68
Intrafund - Driveway Maintenance/General Trust	B-11	302.28	
		\$ <u>2,457,450.06</u>	\$ <u>2,297,044.94</u>
		\$ <u>2,463,065.36</u>	\$ <u>2,300,397.42</u>

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 2,022,584.71	\$ 1,442,497.44
Deferred Charges to Future Taxation:			
Funded	C-5	23,035,245.47	24,949,073.46
Unfunded	C-7	33,566,008.47	34,936,992.69
Due Trust Other Fund - Open Space	C-16		1,517.68
Accounts Receivable	C-15	<u>63,596.05</u>	<u></u>
		<u>\$ 58,687,434.70</u>	<u>\$ 61,330,081.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-11	\$ 20,415,000.00	\$ 21,935,000.00
Bond Anticipation Notes Payable	C-13	33,300,000.00	33,300,000.00
Loans Payable	C-10	2,620,245.47	3,014,073.46
Contracts Payable	C-12	2,002.00	36,807.00
Due Current Fund	C-4	195.30	28.93
Capital Improvement Fund	C-8	150,891.53	214,487.58
Improvement Authorizations:			
Funded	C-9	654,097.72	700,955.07
Unfunded	C-7:C-9	938,208.72	1,586,626.86
Reserve for Capital Projects	C-6	117,250.00	117,250.00
Reserve for Receivable	C-17	63,596.05	
Fund Balance	C-1	<u>425,947.91</u>	<u>424,852.37</u>
		<u>\$ 58,687,434.70</u>	<u>\$ 61,330,081.27</u>

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

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 424,852.37
Increased by:			
Aid on Fully Funded Ordinances		\$ 3,626.54	
Premium on Sale of Notes		<u>197,469.00</u>	
	C-2		\$ <u>201,095.54</u>
			\$ <u>625,947.91</u>
Decreased by:			
Current Fund Miscellaneous Revenue Anticipated	C-2		<u>200,000.00</u>
Balance, December 31, 2013	C		\$ <u><u>425,947.91</u></u>

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

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SEWER UTILITY FUND

"D"

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>OPERATING FUND:</u>			
Cash	D-4	\$ 346,052.94	\$ 219,805.49
Due Current Fund	D-11		18,834.56
		<u>\$ 346,052.94</u>	<u>\$ 238,640.05</u>
Receivables with Full Reserves:			
Sewer Use Charges Receivable	D:D8	\$ 103,420.81	\$ 126,907.09
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 449,473.75</u>	<u>\$ 365,547.14</u>
 <u>TRUST FUND:</u>			
Cash	D-4	\$ 529,104.90	\$ 630,774.86
<u>TOTAL TRUST FUND</u>	D	<u>\$ 529,104.90</u>	<u>\$ 630,774.86</u>
		<u>\$ 978,578.65</u>	<u>\$ 996,322.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	D-3:D-7	\$ 54,087.24	\$ 31,381.91
Sewer Overpayments	D-10	2,936.50	3,131.76
Reserve for Accounts Payable	D-9	2,176.12	
Reserve for Refundable Hook-Up Fees	D-5	3,720.25	3,720.25
		<u>\$ 62,920.11</u>	<u>\$ 38,233.92</u>
Reserve for Receivables	D	103,420.81	126,907.09
Fund Balance	D-1	283,132.83	200,406.13
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 449,473.75</u>	<u>\$ 365,547.14</u>
 <u>TRUST FUND:</u>			
Reserve for Expansion	D-6	\$ 529,104.90	\$ 630,774.86
<u>TOTAL ASSESSMENT TRUST FUND</u>	D	<u>\$ 529,104.90</u>	<u>\$ 630,774.86</u>
		<u>\$ 978,578.65</u>	<u>\$ 996,322.00</u>

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

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2013</u>	YEAR ENDED DECEMBER 31, <u>2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized		\$	\$ 85,000.00
Sewer Use Charges	D-2	1,321,503.46	1,245,067.38
Miscellaneous Revenue	D-2:D-4	5,235.95	7,997.18
User Fees From Other Contracts	D-2:D-4	233,650.00	263,470.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-7	11,982.29	1,195.88
Sewer Overpayments			105.00
		<u> </u>	<u> </u>
<u>TOTAL INCOME</u>		<u>\$ 1,572,371.70</u>	<u>\$ 1,602,835.44</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 1,483,275.00	\$ 1,515,300.00
Statutory Expenditures	D-3	6,370.00	6,370.00
Surplus General Budget			81,165.44
		<u> </u>	<u> </u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 1,489,645.00</u>	<u>\$ 1,602,835.44</u>
Excess in Revenue		\$ 82,726.70	\$ 0.00
Fund Balance, January 1	D	<u>200,406.13</u>	<u>285,406.13</u>
		\$ 283,132.83	\$ 285,406.13
Decreased by:			
Utilization as Anticipated Revenue			<u>85,000.00</u>
Fund Balance, December 31	D	<u><u>\$ 283,132.83</u></u>	<u><u>\$ 200,406.13</u></u>

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

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/(DEFICIT)</u>
Sewer Use Charges	D-1	\$ 1,222,145.00	\$ 1,321,503.46	\$ 99,358.46
Miscellaneous Revenue	D-1:D-4	7,500.00	5,235.95	(2,264.05)
User Fees From Other Contracts	D-1:D-4	<u>260,000.00</u>	<u>233,650.00</u>	<u>(26,350.00)</u>
<u>BUDGET TOTALS</u>	D-3	<u>\$ 1,489,645.00</u>	<u>\$ 1,560,389.41</u>	<u>\$ 70,744.41</u>

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

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
<u>OPERATING:</u>				
Salaries and Wages	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$
Other Expenses	45,000.00	45,000.00	39,515.25	5,484.75
Service Fees - RLSA	1,193,275.00	1,193,275.00	1,193,275.00	
Service Fees - RTMUA	<u>200,000.00</u>	<u>200,000.00</u>	<u>151,397.51</u>	<u>48,602.49</u>
<u>TOTAL OPERATING</u>	<u>\$ 1,483,275.00</u>	<u>\$ 1,483,275.00</u>	<u>\$ 1,429,187.76</u>	<u>\$ 54,087.24</u>
<u>STATUTORY EXPENDITURES:</u>				
Statutory Expenditures:				
Public Employee Retirement System	\$ 2,925.00	\$ 2,925.00	\$ 2,925.00	\$
Social Security System (O.A.S.I.)	<u>3,445.00</u>	<u>3,445.00</u>	<u>3,445.00</u>	
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 6,370.00</u>	<u>\$ 6,370.00</u>	<u>\$ 6,370.00</u>	<u>\$</u>
	<u>\$ 1,489,645.00</u>	<u>\$ 1,489,645.00</u>	<u>\$ 1,435,557.76</u>	<u>\$ 54,087.24</u>
	<u>REF.</u>	D-2	D-1	D
Disbursements	D-4			\$ 1,433,381.64
Accounts Payable	D-9			<u>2,176.12</u>
				<u>\$ 1,435,557.76</u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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TOWNSHIP OF READINGTON
STATEMENT OF GENERAL FIXED ASSETS
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>FIXED ASSETS</u>		
Land	\$ 76,414,456.10	\$ 76,214,654.65
Buildings	12,688,285.00	12,688,285.00
Machinery and Equipment	<u>4,340,903.32</u>	<u>4,271,477.32</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 93,443,644.42</u>	<u>\$ 93,174,416.97</u>
 <u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 93,443,644.42</u>	<u>\$ 93,174,416.97</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Except as noted below, the financial statements of the Township of Readington include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Readington, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Readington do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the local and regional school districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Readington conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Readington are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of 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.

Sewer Operating and Trust Funds - account for the operations and of the municipally-owned sewer utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Readington had the following cash and cash equivalents at December 31, 2013:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current	\$ 5,711,003.70	\$ 105,352.80	\$ 5,816,356.50
Animal Control Trust	5,615.30		5,615.30
Other Trust	2,135,556.54	(97,881.36)	2,037,675.18
General Capital	2,022,584.71		2,022,584.71
Sewer Operating	345,945.31	107.63	346,052.94
Sewer Trust	529,104.90		529,104.90
<u>Total December 31, 2013</u>	<u>\$ 10,749,810.46</u>	<u>\$ 7,579.07</u>	<u>\$ 10,757,389.53</u>

Based upon GASB criteria, the Township considers change funds; cash in bank, investment in certificates of deposits as cash and cash equivalents. Of the cash on balance in the bank of \$10,749,810.46, \$645,980.98 was covered by Federal Depository Insurance and \$ 9,614,745.25 was covered under the provision of NJGUDPA. \$ 489,084.23 was on deposit with the New Jersey Cash Management Fund.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2013, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. The New Jersey Cash Management Fund is an investment pool and is not insured by either FDIC or GUDPA.

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
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;
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.
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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2013, the Township has \$ 489,084.23 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.776%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$ 28,184,774.85	\$ 28,184,774.85	\$ -0-
General Debt	<u>57,457,379.82</u>	<u>856,125.88</u>	<u>56,601,253.94</u>
	<u>\$ 85,642,154.67</u>	<u>\$ 29,040,900.73</u>	<u>\$ 56,601,253.94</u>

NET DEBT \$56,601,253.94 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$3,186,405,250.33 EQUALS 1.776%.

SUMMARY OF MUNICIPAL DEBT

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued:			
Bonds, Notes, and Loans:			
General	\$ <u>56,335,245.47</u>	\$ <u>58,249,073.46</u>	\$ <u>60,981,533.93</u>
Total Issued	\$ <u>56,335,245.47</u>	\$ <u>58,249,073.46</u>	\$ <u>60,981,533.93</u>
Authorized But Not Issued:			
Bonds, Notes, and Loans:			
General	\$ <u>1,122,134.35</u>	\$ <u>2,492,796.70</u>	\$ <u>2,590,297.24</u>
	\$ <u>1,122,134.35</u>	\$ <u>2,492,796.70</u>	\$ <u>2,590,297.24</u>
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	\$ <u>57,457,379.82</u>	\$ <u>60,741,870.16</u>	\$ <u>63,571,831.17</u>
Less:			
Cash on Hand to Pay Notes	\$ <u>856,125.88</u>	\$ <u>855,804.01</u>	\$ <u>1,700,400.48</u>
Net Debt Issued and Authorized But Not Issued	\$ <u>56,601,253.94</u>	\$ <u>59,886,066.15</u>	\$ <u>61,871,430.69</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2013	<u>\$3,186,405,250.33</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$111,524,183.76
Net Debt	<u>56,601,253.94</u>
Remaining Borrowing Power	<u>\$54,922,929.82</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Township of Readington for the last three (3) preceding years.

LONG-TERM DEBT

General Serial Bonds:

\$6,000,000.00 General Obligation Bonds of 2002 due in annual installments of \$1,020,000.00 to \$1,065,000.00 through 2014 at a variable interest rate	\$ 1,065,000.00
\$10,000,000.00 General Obligation Bonds of 2005 due in annual installments of \$250,000.00 to \$1,000,000.00 through 2025 at a variable interest rate	8,850,000.00
\$11,000,000.00 General Obligation Bonds of 2011 due in annual installments of \$250,000.00 to \$875,000.00 through 2031 at a variable interest rate	<u>10,500,000.00</u>
	<u>\$20,415,000.00</u>

Bond Anticipation Notes:

General Capital, Interest Rate 1%, Issued 1/31/13, Maturity 1/31/14	<u>\$33,300,000.00</u>
	<u>\$33,300,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Loans:

\$544,274.25 "Recreation Area Acquisition" loan of 1995 due in semi-annual installments of \$16,101.04 to \$16,754.81 through 2015 at an interest rate of 2.00%	\$ 49,768.39
\$169,303.50 "Rockaway Creek" loan of 1995 due in semi-annual installments of \$4,958.85 to \$5,211.80 through 2015 at an interest rate of 2.0%	20,539.61
\$169,347.19 "Rockaway Creek" loan of 1998 due in semi-annual installments of \$4,766.58 to \$5,213.14 through 2017 at an interest rate of 2.0%	40,288.19
\$1,000,000.00 "Incentive" loan of 2002 due in semi-annual installments of \$27,689.44 to \$32,146.58 through 2020 at an interest rate of 2.0%	422,204.87
\$2,250,000.00 "Greenway Acquisition" loan of 2001 due in semi-annual installments of \$66,321.03 to \$73,992.27 through 2018 at an interest rate of 1.0%	707,811.40
\$500,000.00 "Summer Road Park" loan of 2002 due in semi-annual installments of \$12,996.56 to \$15,391.88 through 2021 at an interest rate of 1.0%	228,801.08
\$1,271,572.00 "N.J. Infrastructure-Dreahook Road" loan of 2001 due in annual installments of \$35,000.00 to \$50,000.00 through 2021 at a variable interest rate	602,199.30
\$285,829.00 "N.J. Infrastructure-2003" loan of 2003 due in annual installments of \$5,000.00 through 2023 at a variable interest rate	153,597.38
\$672,696.00 "N.J. Infrastructure-2004" loan of 2004 due in annual installments of \$5,000.00 to \$10,000.00 through 2024 at a variable interest rate	<u>395,035.33</u>
	<u>\$2,620,245.55</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT AND LOANS ISSUED AND OUTSTANDING
DECEMBER 31, 2013

<u>Year</u>	<u>Bonds</u>		<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$1,565,000.00	\$925,683.76	\$396,590.50	\$52,093.23
2015	1,045,000.00	851,246.26	382,840.96	44,218.78
2016	1,070,000.00	810,008.76	366,429.33	36,846.26
2017	1,090,000.00	773,496.26	368,842.08	29,452.67
2018	1,130,000.00	726,283.76	368,797.51	21,905.39
2019-23	6,345,000.00	2,848,958.80	707,007.54	33,949.96
2024-28	5,545,000.00	1,332,865.67	29,737.63	437.50
2029-31	2,625,000.00			
	<u>\$20,415,000.00</u>	<u>\$8,475,043.27</u>	<u>\$2,620,245.55</u>	<u>\$218,903.79</u>

NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	\$1,340,199.66
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NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the School Districts. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
Prepaid Taxes	\$ <u>341,725.39</u>	\$ <u>312,928.63</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2012 PERS provides for employee contributions of 6.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2012, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$847,652 for 2013, \$794,111 for 2012, and \$818,573 for 2011.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the Federal Insurance Contribution Act.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The Township's management has estimated the liability for unused sick pay to be \$297,719.73 at December 31, 2013.

NOTE 8: LITIGATION

The Township is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Township's legal counsel would not be material.

NOTE 9: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2013, the Township does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2013 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has reserved \$370,000.00 for tax appeals.

NOTE 11: RISK MANAGEMENT

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. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 Township 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. Below is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Township's expendable trust fund for the current and previous two years:

NOTE 11: RISK MANAGEMENT (CONTINUED)

<u>Year</u>	<u>Interest Earned</u>	<u>Employee & Budget Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 86.13	\$ 10,182.71	\$ 2,948.73	\$ 65,256.71
2012	49.39	19,886.97	2,756.94	57,936.60
2011	38.88	15,769.46	22,614.97	40,757.18

NOTE 12: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Variable Annuity Life Insurance Company (VALIC).

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Township approved a voluntary Length of Service Awards Program (LOSAP) on May 3, 1999. Under the program, a fixed amount of funds may be contributed on behalf of those volunteer fire and medical personnel which meet the eligibility criteria adopted by the governing body of the Township. The Township's sponsoring agency is Lincoln National, with the maximum contribution per volunteer set at \$800.00 for 2013.

The accompanying financial statements do not include the Township's Length of Service Awards Program's activities. The Township's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown:

	Balance December 31, <u>2013</u>	Raised <u>2014 Budget</u>	Deferred to Subsequent <u>Budgets</u>
Current Fund:			
Emergency-Superstorm Sandy	\$2,400,000.00	\$2,244,603.47	\$155,396.53

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,839.30	\$ 51,831.68
Grant Fund	33,158.60	
Animal Control Trust Fund		400.84
Trust Other Fund	19,472.60	512.11
General Capital Fund		195.30
Net Payroll		<u>5,530.57</u>
	<u>\$ 58,470.50</u>	<u>\$ 58,470.50</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 16: GASB 45 - OTHER POST-RETIREMENT BENEFITS

Plan Description. The Township contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Township on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Township's contributions to SHBP for the years ended December 31, 2013, 2012, and 2011 were \$529,105.86, \$458,216.05, and \$404,637.01, respectively, which equaled the required contributions for each year.

TOWNSHIP OF READINGTON

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2012	A	\$ 6,363,706.12	\$ - 0 -
Increased by Receipts:			
Taxes Receivable	A-8	\$ 71,928,837.64	\$
State of New Jersey-Senior Citizens and Veterans Deductions	A-7	146,343.84	
Interfunds	A-12	18,694.89	
Due Current Fund	A-10		4,091.12
Petty Cash	A-5	200.00	
2013 Appropriation Refunds	A-3	636,763.49	
Revenue Accounts Receivable	A-13	3,795,932.30	
Miscellaneous Revenue Not Anticipated	A-2	109,637.48	
Tax Overpayments	A-17	351,401.96	
Prepaid Taxes	A-18	341,725.39	
Grants Receivable	A-30		73,400.81
Grants Unappropriated	A-36		8,138.66
Due State of New Jersey:			
Marriage and Domestic Partnerships	A-19	1,725.00	
Construction Code	A-21	23,745.00	
Reserve for Due County Food Inspectors	A-15	14,525.00	
Reserve for Outside Liens	A-22	555,042.81	
Reserve for FEMA Unappropriated	A-16	914,558.10	
Reserve for Tax Sale Premiums	A-31	361,800.00	
		<u>79,200,932.90</u>	<u>85,630.59</u>
		\$ 85,564,639.02	\$ 85,630.59
Decreased by Disbursements:			
2013 Appropriations	A-3	\$ 16,228,865.95	\$
Appropriation Reserves	A-14	254,374.62	
Interfunds	A-12	26,886.94	
Accounts Payable	A-35		7,500.75
Tax Overpayments	A-17	15,537.81	
Regional District School Taxes Payable	A-27	18,490,719.00	
Local District School Taxes Payable	A-28	28,774,995.00	
County Taxes Payable	A-26	11,516,122.97	
Municipal Open Space Taxes Payable	A-29	532,550.30	
Due State of New Jersey:			
Marriage and Domestic Partnerships	A-19	1,650.00	
Construction Code	A-21	23,612.00	
Reserve for Due County-Food Inspection	A-15	16,275.00	
Reserve for Outside Liens	A-22	555,042.81	
Reserve for Tax Sale Premiums	A-31	121,600.00	
Reserve for Superstorm Sandy	A-33	3,000,000.00	
Refund of Prior Revenue and Other Charges	A-1	189,850.12	
Petty Cash	A-5	200.00	
Reserve for Grants-Appropriated	A-23		78,129.84
		<u>79,748,282.52</u>	<u>85,630.59</u>
Balance, December 31, 2013	A	\$ <u>5,816,356.50</u>	\$ <u>- 0 -</u>

"A-5"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF PETTY CASH

REF.

Increased by:		
Disbursements	A-4	\$ <u>200.00</u>
Decreased by:		
Receipts	A-4	\$ <u><u>200.00</u></u>

"A-6"

SCHEDULE OF CHANGE FUND

BALANCE
DECEMBER 31,
2012 AND
2013

OFFICE

Tax Collector	\$ 150.00
Municipal Court	200.00
Police Department	<u>100.00</u>
	\$ <u><u>450.00</u></u>

REF.

A

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2012 (Due From)	A		\$ 31,276.89
Increased by:			
Received From State	A-4	\$ 146,343.84	
Senior Citizens and Veterans Deductions Disallowed by Tax Collector	A-7	<u>976.04</u>	
			\$ <u>147,319.88</u>
Decreased by:			
Senior Citizens Deductions Per Tax Billing	A-7	\$ 17,750.00	
Veterans Deductions Per Tax Billing	A-7	134,500.00	
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-7	<u>1,000.00</u>	
			\$ <u>153,250.00</u>
Balance, December 31, 2013 (Due From)	A		\$ <u><u>37,207.01</u></u>

ANALYSIS OF STATE SHARE OF 2013 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-7	\$ 17,750.00	
Veterans Deductions Per Tax Billing	A-7	134,500.00	
Senior Citizens and Veterans Deductions Allowed by Collector	A-7	<u>1,000.00</u>	
			\$ 153,250.00
Less:			
Senior Citizens and Veterans Deductions Disallowed by Tax Collector	A-7		<u>976.04</u>
	A-8		\$ <u><u>152,273.96</u></u>

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>2013 LEVY</u>	<u>ADDED</u> <u>TAXES</u>	<u>COLLECTIONS</u>		<u>CANCELED</u>	<u>TRANSFERRED</u> <u>TO TAX TITLE</u> <u>LIENS</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
				<u>2012</u>	<u>2013</u>			
Prior 2013	\$ 1,173,539.35	\$ 72,402,420.78	\$ 153,670.06 254,854.98	\$ 312,928.63	\$ 973,418.49 71,376,694.03	\$ 2,773.31 25,435.76	\$ 3,746.92	\$ 351,017.61 938,470.42
	<u>\$ 1,173,539.35</u>	<u>\$ 72,402,420.78</u>	<u>\$ 254,854.98</u>	<u>\$ 312,928.63</u>	<u>\$ 72,350,112.52</u>	<u>\$ 28,209.07</u>	<u>\$ 3,746.92</u>	<u>\$ 1,289,488.03</u>

<u>REF.</u>	A			A-2:A-18	A-2		A-9	A
				<u>REF.</u>				
	Collector			A-4	\$ 71,928,837.64			
	Overpayments Applied			A-17	269,000.92			
	Senior Citizens and Veterans Deductions			A-7	152,273.96			
					<u>\$ 72,350,112.52</u>			

ANALYSIS OF 2013 PROPERTY TAX LEVY

TAX YIELD

General Property Tax		\$ 72,402,420.78
Added Taxes (54:4-63.1 et.seq.)		254,854.98
		<u>\$ 72,657,275.76</u>

TAX LEVY

Local District School Tax (Abstract)	A-2:A-28	\$ 28,774,995.00
Regional District School Tax (Abstract)	A-2:A-27	18,490,719.00
County Tax (Abstract)		\$ 9,577,444.88
County Library Tax (Abstract)		957,721.48
County Open Space (Abstract)		953,282.70
		<u>11,488,449.06</u>
Due County for Added Taxes (54:4-63.1 et.seq.)	A-26	41,913.48
<u>Total County Taxes</u>	A-2	11,530,362.54
Municipal Open Space Tax	A-29	\$ 530,615.00
Added Taxes	A-29	1,935.30
	A-2	532,550.30
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 13,106,241.00
Add: Additional Tax Levied		222,407.92
Local Tax for Municipal Purposes Levied		13,328,648.92
		<u>\$ 72,657,275.76</u>

"A-9"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 95,103.23
Increased by:		
Transfer From Taxes Receivable	A-8	<u>3,746.92</u>
Balance, December 31, 2013	A	<u>\$ 98,850.15</u>

"A-10"

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2012 (Due From)	A	\$ 37,249.72
Decreased by:		
Receipts	A-4	<u>4,091.12</u>
Balance, December 31, 2013 (Due From)	A	<u>\$ 33,158.60</u>

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 146,172.89
Increased by:		
2013 Budget Appropriations	A-3	<u>140,463.54</u>
		\$ <u>286,636.43</u>
Decreased by:		
Transferred to Appropriation Reserves	A-14	<u>146,172.89</u>
Balance, December 31, 2013	A	<u><u>\$ 140,463.54</u></u>

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	GRANT FUND	ANIMAL CONTROL	TRUST OTHER FUND							GENERAL CAPITAL FUND	SEWER OPERATING FUND	NET PAYROLL ACCOUNT
					GENERAL TRUST	RECREATION TRUST	DRIVEWAY/ APRON TRUST	BOH ESCROW	DEVELOPERS ESCROW	PAYROLL AGENCY	FLEXIBLE SPENDING			
Balance, December 31, 2012														
Due From	A	\$ 1,899.85	\$	\$ 2.94	\$ 15.70	\$ 14.68	\$ 25.71	\$ 26.09	\$ 191.06	\$ 20.19	\$ 0.01	\$ 28.93	\$	\$ 1,574.54
Due To	A	<u>56,084.28</u>	<u>37,249.72</u>										<u>18,834.56</u>	
Receipts	A-4	\$ 18,694.89	\$	\$	\$ 1.61	\$	\$	\$	\$	\$ 18,693.27	\$ 0.01	\$	\$	\$
Disbursements	A-4	<u>26,886.94</u>	<u>4,091.12</u>	<u>397.90</u>		<u>5.77</u>	<u>0.51</u>	<u>3.54</u>	<u>230.66</u>			<u>166.37</u>	<u>18,834.56</u>	<u>3,156.51</u>
Balance, December 31, 2013														
Due From	A	\$ 5,839.30	\$	\$ 400.84	\$ 14.09	\$ 20.45	\$ 26.22	\$ 29.63	\$ 421.72	\$	\$	\$ 195.30	\$	\$ 4,731.05
Due To	A	<u>51,831.68</u>	<u>33,158.60</u>							<u>18,673.08</u>				

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>ACCOUNTS</u>	<u>REF.</u>	<u>ACCRUED</u>	<u>COLLECTED</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	\$ 18,925.45	\$ 18,925.45
Alcoholic Beverages-Additional	A-2	1,455.95	1,455.95
Fees and Permits	A-2	39,232.66	39,232.66
Interest and Costs on Taxes	A-2	226,581.78	226,581.78
Construction Code Official	A-2	449,966.50	449,966.50
Fire Safety:			
Fees and Permits	A-2	57,903.00	57,903.00
Planning & Zoning Board:			
Fees and Permits	A-2	31,008.40	31,008.40
Public Works:			
Fees and Permits	A-2	15,305.00	15,305.00
Health Department and Registrar:			
Fees and Permits	A-2	30,907.00	30,907.00
Municipal Court:			
Fines and Costs	A-2	105,934.50	105,934.50
Police:			
Fees and Permits	A-2	4,381.94	4,381.94
Interest on Investments and Deposits	A-2	7,158.67	7,158.67
Energy Receipts Tax	A-2	1,421,711.00	1,421,711.00
FEMA Sandy Aid	A-2	600,000.00	600,000.00
Sewer Expansion Trust Reserve	A-2	400,000.00	400,000.00
Museum Trust Fund Balance	A-2	30,000.00	30,000.00
Housing Trust Fund Balance	A-2	130,000.00	130,000.00
Capital Fund Balance	A-2	200,000.00	200,000.00
Fire Safety - Life Hazard Use Fees	A-2	25,460.45	25,460.45
		<u>\$ 3,795,932.30</u>	<u>\$ 3,795,932.30</u>

REF.

A-4

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	ACCOUNTS PAYABLE	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>					
Administrative and Executive	\$ 91.30	\$	\$ 91.30	\$	\$ 91.30
Financial Administration	10,851.23		10,851.23		10,851.23
Revenue Administration	642.40		642.40		642.40
Assessment of Taxes	76.08		76.08		76.08
Environmental Health Services	1,103.98		1,103.98		1,103.98
Museum Committee	434.02		434.02		434.02
Public Buildings and Grounds	255.34		255.34		255.34
Police	34,154.54		34,154.54		34,154.54
Crossing Guards	2,539.06		2,539.06		2,539.06
Municipal Court	1,448.55		1,448.55		1,448.55
Road Repairs	96,260.88		96,260.88		96,260.88
Board of Health	1,620.46		1,620.46		1,620.46
Administration of Public Assistance	1,074.94		1,074.94		1,074.94
Recreation	14,700.83		14,700.83		14,700.83
Expense of Participation in Free County Library	3,012.55		3,012.55		3,012.55
Construction Official	1,250.52		1,250.52		1,250.52
<u>OTHER EXPENSES</u>					
Administrative and Executive	17,880.29	619.08	18,499.37	959.99	17,539.38
Elections	6,903.93		6,903.93		6,903.93
Financial Administration	4,039.40		4,039.40	3,300.00	739.40
Revenue Administration	4,386.77	749.00	5,135.77	749.00	4,386.77
Revision of Tax Map	754.10		754.10		754.10
Assessment of Taxes	7,865.55	762.00	8,627.55	762.00	7,865.55
Legal Services and Costs	11,529.31		11,529.31	9,577.43	1,951.88
Engineering Services and Costs	17,476.28		17,476.28	11,899.94	5,576.34
Museum Committee	777.76	1,590.00	2,367.76	1,226.98	1,140.78
Historic Preservation Committee	3,000.00		3,000.00		3,000.00
Planning Board	527.30		527.30		527.30
Board of Adjustments	2,184.80		2,184.80	126.35	2,058.45
Consultants	2,935.68		2,935.68	2,935.43	0.25
Environmental Health Services	4,302.08		4,302.08		4,302.08
Waste Collection/Recycling	4,373.27	826.53	5,199.80	826.53	4,373.27
Public Buildings and Grounds	5,892.00		5,892.00		5,892.00
Police	63,833.99	72,362.78	136,196.77	115,866.03	20,330.74
Emergency Management	1,894.22		1,894.22		1,894.22
Uniform Fire	64.30		64.30		64.30
Equipment For Volunteer Fire Company	12,587.83		12,587.83	12,180.80	407.03
Training Fire Personnel	3,456.22	2,343.50	5,799.72	5,739.80	59.92
Supplemental Fire Service Program	1,564.40		1,564.40	193.96	1,370.44
Equipment For First Aid Organizations	6,954.21	844.25	7,798.46	7,685.75	112.71
Municipal Prosecutor	992.48		992.48		992.48
Municipal Court	5,024.43		5,024.43	492.76	4,531.67
Administration of Public Assistance	2,615.47	46.97	2,662.44	46.97	2,615.47
Recreation	8,518.52	300.00	8,818.52		8,818.52
Senior Citizen Transportation	1,531.24		1,531.24		1,531.24
Expense of Participation in Free County Library	7,217.36		7,217.36	3.49	7,213.87
Construction Official	4,927.12	23,688.98	28,616.10	24,023.57	4,592.53
Celebration of Public Events	2,790.29		2,790.29		2,790.29
Road Repairs	44,485.11	35,109.80	79,594.91	41,885.90	37,709.01
Snow Removal	1,837.84		1,837.84		1,837.84
Board of Health	5,884.10	225.00	6,109.10	487.48	5,621.62
Fire Hydrant	460.58		460.58		460.58
Aid to Charities	1,500.00		1,500.00		1,500.00
Electricity	21,241.84		21,241.84	1,524.99	19,716.85
Street lighting	7,576.50		7,576.50		7,576.50
Telephone	281.69		281.69	43.66	238.03
Gasoline	1,327.38		1,327.38		1,327.38

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

<u>OTHER EXPENSES (CONTINUED)</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Fuel Oil	\$ 8,500.00	\$	\$ 8,500.00	\$	\$ 8,500.00
Contingent	1,740.00		1,740.00		1,740.00
Contribution to Social Security System	36,590.18		36,590.18		36,590.18
Public Defender	307.00		307.00	300.00	7.00
General Liability Insurance	9,360.00		9,360.00		9,360.00
Group Health Insurance	4,525.43		4,525.43		4,525.43
POESHA	4,830.81	6,705.00	11,535.81	11,535.81	
	<u>\$ 538,765.74</u>	<u>\$ 146,172.89</u>	<u>\$ 684,938.63</u>	<u>\$ 254,374.62</u>	<u>\$ 430,564.01</u>
<u>REF.</u>	A	A-11		A-4	A-1

"A-15"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR DUE COUNTY FOOD INSPECTORS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 3,875.00
Increased by:		
Receipts	A-4	<u>14,525.00</u>
		\$ <u>18,400.00</u>
Decreased by:		
Disbursements	A-4	<u>16,275.00</u>
Balance, December 31, 2013	A	\$ <u><u>2,125.00</u></u>

"A-16"

SCHEDULE OF RESERVE FOR FEMA UNAPPROPRIATED

Increased by:		
Receipts	A-4	\$ <u>914,558.10</u>
Balance, December 31, 2013	A	\$ <u><u>914,558.10</u></u>

"A-17"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 49,233.52
Increased by:			
Overpayments in 2013	A-4	\$ <u>351,401.96</u>	<u>351,401.96</u>
			\$ <u>400,635.48</u>
Decreased by:			
Refunded	A-4	\$ 15,537.81	
Overpayments Applied	A-8	269,000.92	
Cancelled	A-1	<u>153.99</u>	<u>284,692.72</u>
Balance, December 31, 2013	A		\$ <u><u>115,942.76</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2012	A		\$ 312,928.63
Increased by:			
Collection of 2014 Taxes	A-4		<u>341,725.39</u>
			\$ <u>654,654.02</u>
Decreased by:			
Application to 2013 Taxes	A-8		<u>312,928.63</u>
Balance, December 31, 2013	A		\$ <u><u>341,725.39</u></u>

"A-19"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE AND DOMESTIC PARTNERSHIP LICENSES
DUE STATE OF NEW JERSEY

REF.

Balance, December 31, 2012	A	\$	250.00
Increased by:			
Receipts	A-4		<u>1,725.00</u>
		\$	<u>1,975.00</u>
Decreased by:			
Disbursements	A-4		<u>1,650.00</u>
Balance, December 31, 2013	A	\$	<u><u>325.00</u></u>

"A-20"

SCHEDULE OF RESERVE FOR GARDEN STATE TRUST - UNAPPROPRIATED

Balance, December 31, 2012	A	\$	<u>3,962.00</u>
Decreased by:			
Applied To Revenue	A-2	\$	<u><u>3,962.00</u></u>

"A-21"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION CODE DCA - DUE STATE OF N.J.

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	17,602.00
Increased by:			
Receipts	A-4		<u>23,745.00</u>
		\$	<u>41,347.00</u>
Decreased by:			
Disbursements	A-4	\$	23,612.00
Canceled	A-1		<u>10,257.00</u>
			<u>33,869.00</u>
Balance, December 31, 2013	A	\$	<u><u>7,478.00</u></u>

"A-22"

SCHEDULE OF RESERVE FOR OUTSIDE LIENS

Increased by:			
Receipts	A-4	\$	<u>555,042.81</u>
Decreased by:			
Disbursements	A-4	\$	<u><u>555,042.81</u></u>

TOWNSHIP OF READINGTON

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BUDGET</u> <u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>ACCOUNTS</u> <u>PAYABLE</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
NJ Body Armor	\$ 805.71	\$ 3,125.80	\$ 1,888.00	\$ 944.00	\$ 1,099.51
Drunk Driving Enforcement Fund	5,836.83		5,836.83		
Alcohol Education Rehabilitation	4,631.43	3,852.55	6,113.04		2,370.94
NJ State Police - Cert. Trailer	600.00		444.51		155.49
Police - Drive Sober		4,400.00			4,400.00
Museum - NJ Historical Commission		10,841.00	5,420.50		5,420.50
Police Donation - Dello Pello	8,000.00			7,325.71	674.29
Emergency Management Performance	12,450.00				12,450.00
Clean Communities		48,426.96	48,426.96		
Eagle Project		10,000.00	10,000.00		
	<u>\$ 32,323.97</u>	<u>\$ 80,646.31</u>	<u>\$ 78,129.84</u>	<u>\$ 8,269.71</u>	<u>\$ 26,570.73</u>

REF.

A

A-3:A-30

A-4

A-35

A

"A-24"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR MASTER PLAN

REF.

Balance, December 31, 2012
and December 31, 2013

A

\$ 83,310.95

"A-25"

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance, December 31, 2012
and December 31, 2013

A

\$ 30,471.34

"A-26"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2012

A

\$ 27,673.91

Increased by:

2013 Levy
Added and Omitted

A-1:A-8

\$ 11,488,449.06

A-1:A-8

41,913.48

11,530,362.54

\$ 11,558,036.45

Decreased by:

Disbursements

A-4

11,516,122.97

Balance, December 31, 2013

A

\$ 41,913.48

"A-27"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAXES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 3,052,130.18
Increased by:		
School Levy	A-1:A-8	<u>18,490,719.00</u>
		\$ <u>21,542,849.18</u>
Decreased by:		
Disbursements	A-4	<u>18,490,719.00</u>
Balance, December 31, 2013	A	\$ <u><u>3,052,130.18</u></u>

"A-28"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
School Levy	A-1:A-8	\$ <u>28,774,995.00</u>
Decreased by:		
Disbursements	A-4	\$ <u><u>28,774,995.00</u></u>

"A-29"

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

Increased by:		
2013 Tax Levy	A-1:A-8	\$ 530,615.00
Added Taxes	A-1:A-8	<u>1,935.30</u>
		\$ <u>532,550.30</u>
Decreased by:		
Disbursements	A-4	\$ <u><u>532,550.30</u></u>

TOWNSHIP OF READINGTON

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2012	BUDGET APPROPRIATION	RECEIPTS	BALANCE DECEMBER 31, 2013
Clean Communities	\$	\$ 48,426.96	\$ 48,426.96	\$
Body Armor		3,125.80	3,125.80	
Alcohol Education Rehabilitation		3,852.55	3,852.55	
Museum - NJ Historical Commission		10,841.00	5,420.50	5,420.50
Police - Drive Sober	2,575.00	4,400.00	2,575.00	4,400.00
Eagle Project		10,000.00	10,000.00	
	<u>2,575.00</u>	<u>80,646.31</u>	<u>73,400.81</u>	<u>9,820.50</u>
	\$ <u>2,575.00</u>	\$ <u>80,646.31</u>	\$ <u>73,400.81</u>	\$ <u>9,820.50</u>
<u>REF.</u>	A	A-2:A-23	A-4	A

"A-31"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 261,900.00
Increased by:			
Receipts	A-4		<u>361,800.00</u>
			\$ <u>623,700.00</u>
Decreased by:			
Disbursements	A-4	\$ 121,600.00	
Cancelled	A-1	<u>14,600.00</u>	
			<u>136,200.00</u>
Balance, December 31, 2013	A		\$ <u><u>487,500.00</u></u>

"A-32"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2012	A		\$ 3,035,000.00
Decreased by:			
Raised in 2013 Budget	A-3		<u>635,000.00</u>
Balance, December 31, 2013	A		\$ <u><u>2,400,000.00</u></u>
<u>Analysis of Balance:</u>			
Superstorm Sandy			\$ <u><u>2,400,000.00</u></u>

"A-33"

TOWNSHIP OF READINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR SUPERSTORM SANDY

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ <u>3,000,000.00</u>
Decreased by:		
Disbursements	A-4	\$ <u><u>3,000,000.00</u></u>

"A-34"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2012 and December 31, 2013	A	\$ <u><u>370,000.00</u></u>
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"A-35"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE - GRANT FUND

Balance, December 31, 2012	A	\$ 7,500.75
Increased by:		
Grants Appropriated	A-23	<u>8,269.71</u>
		\$ <u>15,770.46</u>
Decreased by:		
Disbursements	A-4	<u>7,500.75</u>
Balance, December 31, 2013	A	\$ <u><u>8,269.71</u></u>

TOWNSHIP OF READINGTON

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>8,138.66</u>
Balance December 31. 2013	A	\$ <u><u>8,138.66</u></u>
<u>Analysis of Balance:</u>		
Drunk Driving Enforcement Fund		\$ <u><u>8,138.66</u></u>

TOWNSHIP OF READINGTONTRUST FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2012	B	\$ <u>3,352.48</u>	\$ <u>1,891,602.01</u>
Increased by Receipts:			
Due Current Fund - Trust Fund	B-3	\$	\$ 15,175.99
Due Current Fund - Animal Control Trust	B-10	416.28	
Reserve for Animal Control Fund Expenditures	B-7	33,846.00	
Due State of New Jersey	B-6	1,341.00	
Prepaid Dog Licenses	B-2	633.00	
Reserve for Miscellaneous Trust Deposits	B-4		6,045,918.81
Due Net Payroll	B-9		6,538.43
Intrafund - Driveway Maintenance/General Trust	B-11		302.28
		\$ <u>36,236.28</u>	\$ <u>6,067,935.51</u>
		\$ <u>39,588.76</u>	\$ <u>7,959,537.52</u>
Decreased by Disbursements:			
Due Current Fund - Trust Fund	B-3	\$	\$ 33,630.40
Due Current Fund - Animal Control Trust	B-10	18.38	
Reserve for Animal Control Fund Expenditures	B-7	32,488.08	
Due Net Payroll - Payroll Deduction	B-9		1,895.02
Miscellaneous Trust Deposits	B-4		5,884,516.96
Due State of New Jersey	B-6	1,467.00	
Due General Capital Fund	B-5		1,517.68
Intrafund - Driveway Maintenance / General Trust	B-11		302.28
		\$ <u>33,973.46</u>	\$ <u>5,921,862.34</u>
Balance, December 31, 2013	B	\$ <u><u>5,615.30</u></u>	\$ <u><u>2,037,675.18</u></u>

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF PREPAID DOG LICENSES

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	1,521.00
Increased by:			
Receipts	B-1		<u>633.00</u>
		\$	<u>2,154.00</u>
Decreased by:			
Applied to Reserve	B-7	\$	1,395.00
Applied to Due State	B-6		<u>126.00</u>
			<u>1,521.00</u>
Balance, December 31, 2013	B	\$	<u><u>633.00</u></u>

TOWNSHIP OF READINGTON

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2012 (Due To)	B	\$	293.44
Increased by:			
Receipts	B-1		15,175.99
		\$	<u>15,469.43</u>
Decreased by:			
Disbursements	B-1		<u>33,630.40</u>
Balance, December 31, 2013:			
Due From	B	\$	(18,673.08)
Due To	B		<u>512.11</u>
		\$	<u><u>(18,160.97)</u></u>

Analysis of Balance:

Due From:			
Payroll Agency		\$	(18,673.08)
Due To:			
General			14.09
Recreation			20.45
Driveway Apron/Maintenance			26.22
Board of Health Escrow			29.63
Developers Escrow			<u>421.72</u>
		\$	<u><u>(18,160.97)</u></u>

TOWNSHIP OF READINGTON

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	BALANCE DECEMBER <u>31, 2012</u>	<u>RECEIPTS</u>	<u>DECREASES</u>	BALANCE DECEMBER <u>31, 2013</u>
Open Space	\$ 225,316.49	\$ 534,196.82	\$ 730,450.00	\$ 29,063.31
State Unemployment Insurance	57,936.60	10,268.84	2,948.73	65,256.71
General:				
Hunting Escrow	2,786.00	3,228.00	2,166.00	3,848.00
Police Escrow	24,224.96	75,186.66	75,387.98	24,023.64
Police Donations	2,000.00	2,500.00	4,480.00	20.00
Public Defender	9,299.50	12,056.00	10,000.00	11,355.50
Parking Offense Adjudication Act Assistance	52.00	8.00		60.00
Library	8,400.72			8,400.72
Rent Security	8,622.19	1,050.00		9,672.19
Museum	5,901.34	426.00		6,327.34
Trail Association	59,445.66	3,558.14	32,521.25	30,482.55
Length of Service Awards Program	7,581.82	1,500.00		1,500.00
Board of Health Escrow	120,294.96	26,950.00	4,000.00	3,581.82
Housing:				
Deposits	141,111.06	120,263.90	8,781.34	138,463.62
Loans Receivable	400,000.00		168,252.13	93,122.83
COAH	68,493.51	7.10	1,380.00	67,120.61
Developers Escrow	879,815.05	854,587.75	506,530.31	1,227,872.49
Recreation	59,670.89	670,656.23	602,234.25	128,092.87
Driveway Apron/Maintenance	119,101.55	3,300.00	600.00	121,801.55
Payroll Deduction	63,816.80	3,721,707.57	3,699,342.97	86,181.40
Flexible Spending		4,442.00	4,442.00	
Forfeited Funds	31,362.72	25.80	31,000.00	388.52
	<u>\$ 2,295,233.82</u>	<u>\$ 6,045,918.81</u>	<u>\$ 5,884,516.96</u>	<u>\$ 2,456,635.67</u>

REF.

B

B-1

B-1

B

"B-5"

TOWNSHIP OF READINGTON

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND - OPEN SPACE

	<u>REF.</u>	
Balance, December 31, 2012 (Due To)	B	\$ <u>1,517.68</u>
Decreased by:		
Disbursements	B-1	\$ <u><u>1,517.68</u></u>

"B-6"

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Increased by:			
Receipts	B-1	\$ 1,341.00	
Prepaid Applied	B-2	<u>126.00</u>	
			\$ <u>1,467.00</u>
Decreased by:			
Disbursements	B-1		\$ <u><u>1,467.00</u></u>

TOWNSHIP OF READINGTON

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2012	B		\$ 1,828.54
Increased by:			
License and Late Fees	B-1	\$ 13,846.00	
Budget Appropriation	B-1	20,000.00	
Prepaid Licenses Applied	B-2	<u>1,395.00</u>	
			\$ <u>35,241.00</u>
			\$ <u>37,069.54</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-1		<u>32,488.08</u>
Balance, December 31, 2013	B		\$ <u><u>4,581.46</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$ 11,597.00
2012	<u>10,749.80</u>
	\$ <u><u>22,346.80</u></u>

"B-8"

TOWNSHIP OF READINGTON

TRUST FUND

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	B	\$ <u>400,000.00</u>

"B-9"

SCHEDULE OF DUE NET PAYROLL - PAYROLL DEDUCTION

Balance, December 31, 2012 (Due From)	B	\$ 5,442.93
Increased by:		
Disbursements	B-1	<u>1,895.02</u>
		\$ <u>7,337.95</u>
Decreased by:		
Receipts	B-1	<u>6,538.43</u>
Balance, December 31, 2013 (Due From)	B	\$ <u>799.52</u>

"B-10"

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2012 (Due To)	B	\$	2.94
Increased by:			
Receipts	B-1		416.28
		\$	<u>419.22</u>
Decreased by:			
Disbursements	B-1		<u>18.38</u>
Balance, December 31, 2013 (Due To)	B	\$	<u><u>400.84</u></u>

"B-11"

SCHEDULE OF INTRAFUND - GENERAL TRUST AND DRIVEWAY MAINTENANCE

Increased by:			
Receipts	B-1	\$	302.28
Decreased by:			
Disbursements	B-1		<u>302.28</u>
Balance, December 31, 2013			
Due To General Trust - Driveway Maintenance	B	\$	302.28
Due From Driveway Maintenance - General Trust	B		<u>(302.28)</u>
		\$	<u><u>0.00</u></u>

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 1,442,497.44
Increased by Receipts:			
Deferred Charges to Future Taxation - Unfunded	C-7	\$ 1,370,785.67	
Due Trust Other Fund - Open Space	C-16	1,517.68	
Bond Anticipation Notes	C-13	33,300,000.00	
Accounts Receivable	C-15	16,403.95	
Due Current Fund	C-4	1,889.86	
Fund Balance	C-1	<u>201,095.54</u>	
			\$ <u>34,891,692.70</u>
			\$ <u>36,334,190.14</u>
Decreased by Disbursements:			
Contracts Payable	C-12	\$ 808,364.26	
Bond Anticipation Notes	C-13	33,300,000.00	
Fund Balance	C-1	200,000.00	
Due Current Fund	C-4	1,723.49	
Due Trust Other Fund - Open Space	C-16	<u>1,517.68</u>	
			<u>34,311,605.43</u>
Balance, December 31, 2013	C		\$ <u><u>2,022,584.71</u></u>

"C-3"

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2013
Capital Improvement Fund	\$ 150,891.53
Cash on Hand to Pay Notes	856,125.88
Improvement Authorizations Expended	(1,122,134.35)
Unexpended Proceeds of Notes	938,208.72
Reserve for Capital Projects	117,250.00
Due Current Fund	195.30
Contracts Payable	2,002.00
Fund Balance	425,947.91
Improvement Authorizations Funded	<u>654,097.72</u>
	<u>\$ 2,022,584.71</u>
<u>REF.</u>	C

"C-4"

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2012 (Due To)	C	\$ 28.93
Increased by:		
Receipts	C-2	<u>1,889.86</u>
		\$ 1,918.79
Decreased by:		
Disbursements	C-2	<u>1,723.49</u>
Balance, December 31, 2013 (Due To)	C	<u>\$ 195.30</u>

"C-5"

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 24,949,073.46
Decreased by:			
Bonds Paid by Budget	C-11	\$ 1,520,000.00	
Loans Paid by Budget and Open Space	C-10	<u>393,827.99</u>	
			<u>1,913,827.99</u>
Balance, December 31, 2013	C		\$ <u>23,035,245.47</u>

"C-6"

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

Balance, December 31, 2012 and December 31, 2013	C		\$ <u>117,250.00</u>
<u>Analysis of Balance</u>			
County Line Road Project			\$ <u>117,250.00</u>

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	C	\$	214,487.55
Increased by:			
Collections	C-17		16,403.95
		\$	<u>230,891.50</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9		<u>80,000.00</u>
Balance, December 31, 2013	C	\$	<u><u>150,891.50</u></u>

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	GENERAL IMPROVEMENTS:	ORDINANCE		BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	CONTRACTS PAYABLE	AUTHORIZATIONS CANCELED	BALANCE DECEMBER 31, 2013	
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED
05-21/06-33	Various Capital Improvements	07/18/05-08/07/06	\$ 1,712,000.00	\$ 204,671.50	\$	\$	\$	\$	\$ 204,671.50	\$
05-22	Various Capital Improvements	07/18/05	1,035,000.00	484,765.89			35,339.67		449,426.22	
06-41	Various Capital Improvements	11/06/06	1,740,000.00		207,673.97		2,520.00			205,153.97
09-15	Various Capital Improvements	04/22/09	1,485,000.00		183,685.38		2,520.00			181,165.38
09-31	Acquisition of Property-Affordable Housing	12/07/09	270,000.00		22,163.40		2,520.00			19,643.40
10-13	Overlay of Various Roads	04/19/10	1,065,000.00		118,965.32		7,177.00			111,788.32
11-09	Various Capital Improvements	04/18/11	1,322,000.00		347,520.79		2,520.00			345,000.79
12-15	Road Reclamation	05/17/12	1,171,400.00		516,618.00		441,161.14			75,456.86
12-18	Acquisition of Property - Bergold	08/06/12	130,000.00	1,517.68				1,517.68		
12-29	Acquisition of Property - Yard/Smith	11/19/12	200,000.00	10,000.00	190,000.00		199,801.45	198.55		
13-06	Repair of Whitehouse Ambulance	03/04/13	80,000.00			80,000.00	80,000.00			
				<u>\$ 700,955.07</u>	<u>\$ 1,586,626.86</u>	<u>\$ 80,000.00</u>	<u>\$ 773,559.26</u>	<u>\$ 1,716.23</u>	<u>\$ 654,097.72</u>	<u>\$ 938,208.72</u>
		<u>REF.</u>		C	C	C-8	C-12		C:C-3	C:C-7
	Deferred Charges to Future Taxation - Unfunded		C-7					\$ 198.55		
	Due Trust Other Fund - Open Space		C-16					<u>1,517.68</u>		
								<u>\$ 1,716.23</u>		

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 3,014,073.46
Decreased by:		
Loans Paid by Budget and Open Space	C-5	<u>393,827.99</u>
Balance, December 31, 2013	C	<u>\$ 2,620,245.47</u>

Analysis of Balance:

Recreation Area Acquisition	\$ 49,768.39
Rockaway Creek - 1995	20,539.61
Rockaway Creek - 1998	40,288.19
Incentive	422,204.87
Greenway Acquisition	707,811.40
Summer Road Park	228,801.08
N.J. Infrastructure:	
Dreahook Road	602,199.30
2003	153,597.38
2004	<u>395,035.25</u>
	<u>\$ 2,620,245.47</u>

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2002	August 1, 2002	\$ 6,000,000.00	2014	\$ 1,065,000.00	4.000%	\$ 2,085,000.00	\$ 1,020,000.00	\$ 1,065,000.00
General Improvement Bonds of 2005	December 15, 2005	10,000,000.00	2014-2015	250,000.00	4.375%	9,100,000.00	250,000.00	8,850,000.00
			2016	350,000.00	4.375%			
			2017-2020	750,000.00	4.375%			
			2021-2022	1,000,000.00	4.375%			
			2023-2025	1,000,000.00	4.500%			
General Improvement Bonds of 2011	January 18, 2011	11,000,000.00	2014	250,000.00	4.000%	10,750,000.00	250,000.00	10,500,000.00
			2015	795,000.00	4.000%			
			2016	720,000.00	4.000%			
			2017	340,000.00	4.000%			
			2018	380,000.00	4.000%			
			2019	420,000.00	4.000%			
			2020	470,000.00	5.000%			
			2021	265,000.00	5.000%			
			2022	320,000.00	4.200%			
			2023	370,000.00	4.500%			
			2024	430,000.00	4.625%			
			2025	490,000.00	5.000%			
			2026-2031	875,000.00	Variable			
<u>REF.</u>						C	C-5	C

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	C	\$	36,807.00
Increased by:			
Improvement Authorizations	C-9		<u>773,559.26</u>
		\$	810,366.26
Decreased by:			
Contracts Payable Canceled	C-2		<u>808,364.26</u>
Balance, December 31, 2013	C	\$	<u><u>2,002.00</u></u>

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>ORDINANCE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
06-04	2/1/12	2/1/13	1.00%	\$ 21,417,072.90		\$ 21,417,072.90	
06-04	1/31/13	1/31/14	1.00%		\$ 21,145,072.90		\$ 21,145,072.90
06-41	2/1/12	2/1/13	1.00%	668,872.33		668,872.33	
06-41	1/31/13	1/31/14	1.00%		599,872.33		599,872.33
07-37	2/1/12	2/1/13	1.00%	373,909.25		373,909.25	
07-37	1/31/13	1/31/14	1.00%		274,909.25		274,909.25
07-39	2/1/12	2/1/13	1.00%	78,593.34		78,593.34	
07-39	1/31/13	1/31/14	1.00%		77,593.34		77,593.34
08-05	2/1/12	2/1/13	1.00%	1,601,650.00		1,601,650.00	
08-05	1/31/13	1/31/14	1.00%		1,300,894.92		1,300,894.92
08-20	2/1/12	2/1/13	1.00%	143,161.20		143,161.20	
08-20	1/31/13	1/31/14	1.00%		141,161.20		141,161.20
08-26	2/1/12	2/1/13	1.00%	783,819.79		783,819.79	
08-26	1/31/13	1/31/14	1.00%		773,819.79		773,819.79
09-15	2/1/12	2/1/13	1.00%	1,410,750.00		1,410,750.00	
09-15	1/31/13	1/31/14	1.00%		1,334,750.00		1,334,750.00
09-22	2/1/12	2/1/13	1.00%	2,587,450.00		2,587,450.00	
09-22	1/31/13	1/31/14	1.00%		2,137,450.00		2,137,450.00
09-23	2/1/12	2/1/13	1.00%	1,530,365.98		1,530,365.98	
09-23	1/31/13	1/31/14	1.00%		1,530,365.98		1,530,365.98
09-29	2/1/12	2/1/13	1.00%	253,517.99		253,517.99	
09-29	1/31/13	1/31/14	1.00%		250,217.99		250,217.99
09-31	2/1/12	2/1/13	1.00%	69,375.38		69,375.38	
09-31	1/31/13	1/31/14	1.00%		76,274.90		76,274.90
10-09	2/1/12	2/1/13	1.00%	114,000.00		114,000.00	
10-09	1/31/13	1/31/14	1.00%		107,951.07		107,951.07
10-13	2/1/12	2/1/13	1.00%	1,011,561.84		1,011,561.84	
10-13	1/31/13	1/31/14	1.00%		1,011,750.00		1,011,750.00
11-09	2/1/12	2/1/13	1.00%	1,255,900.00		1,255,900.00	
11-09	1/31/13	1/31/14	1.00%		1,255,900.00		1,255,900.00
12-15	1/31/13	1/31/14	1.00%		1,112,830.00		1,112,830.00
12-29	1/31/13	1/31/14	1.00%		169,186.33		169,186.33
				<u>\$ 33,300,000.00</u>	<u>\$ 33,300,000.00</u>	<u>\$ 33,300,000.00</u>	<u>\$ 33,300,000.00</u>
<u>REF.</u>				C	C-2	C-2	C:C-7

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
03-08/05-01	Acquisition of Property - Eggerman	\$	75,448.02
03-18	Acquisition of Property - Y.E.S. Farms		50,000.00
03-24/04-27	Acquisition of Property - O'Urso		805,223.65
04-35	Acquisition of Development Rights - Hamewith		24,420.27
04-41	Acquisition of Property - Illva Saronno		78,490.99
05-08	Acquisition of Land		34,556.83
05-13	Acquisition of Development Rights - Staats		18,047.38
05-17	Acquisition of Development Rights - Amaudy		8,437.69
05-31	Acquisition of Development Rights - Padovani		18,669.87
06-11	Acquisition of Property - Cuchiaro		8,839.65
		\$	<u>1,122,134.35</u>

"C-15"

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Increased by:		
Rescue Squad Loan	C-17	\$ 80,000.00
Decreased by:		
Receipts	C-2	<u>16,403.95</u>
Balance, December 31, 2013	C	<u>\$ 63,596.05</u>

"C-16"

SCHEDULE OF DUE TRUST OTHER FUND (OPEN SPACE)

Balance, December 31, 2012 (Due From)	C	\$ 1,517.68
Increased by:		
Disbursements	C-2	<u>1,517.68</u>
		<u>\$ 3,035.36</u>
Decreased by:		
Receipts	C-2	\$ 1,517.68
Ordinance Canceled	C-9	<u>1,517.68</u>
		<u>\$ 3,035.36</u>

TOWNSHIP OF READINGTON

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR ACCOUNTS RECEIVABLE

	<u>REF.</u>		
Increased by:			
Improvement Authorizations	C-15	\$	80,000.00
Decreased by:			
Adjustment for Receipts	C-8		<u>16,403.95</u>
Balance, December 31, 2013	C	\$	<u><u>63,596.05</u></u>

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>TRUST</u>
Balance December 31, 2012	D	\$ <u>219,805.49</u>	\$ <u>630,774.86</u>
Increased by Receipts:			
Sewer Use Charges Receivable	D-8	\$ 1,318,371.70	\$
Miscellaneous Revenue	D-1:D-2	5,235.95	
User Fees From Other Contracts	D-1:D-2	233,650.00	
Reserve for Overpayments	D-10	2,936.50	
Due Current Fund	D-11	18,834.56	
Reserve for Expansion	D-6		298,330.04
		\$ <u>1,579,028.71</u>	\$ <u>298,330.04</u>
		\$ <u>1,798,834.20</u>	\$ <u>929,104.90</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	\$ 1,433,381.64	\$
Appropriation Reserves	D-7	19,399.62	
Reserve for Expansion	D-6		400,000.00
		\$ <u>1,452,781.26</u>	\$ <u>400,000.00</u>
Balance, December 31, 2013	D	\$ <u><u>346,052.94</u></u>	\$ <u><u>529,104.90</u></u>

"D-5"

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR REFUNDABLE HOOK-UP FEES

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	D	\$ <u><u>3,720.25</u></u>

"D-6"

SCHEDULE OF RESERVE FOR EXPANSION - TRUST FUND

Balance, December 31, 2012	D	\$ 630,774.86
Increased by:		
Receipts	D-4	<u>298,330.04</u>
		\$ <u>929,104.90</u>
Decreased by:		
Disbursements	D-4	<u>400,000.00</u>
Balance, December 31, 2013	D	\$ <u><u>529,104.90</u></u>

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2012</u>	<u>MODIFIED</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Operating:				
Other Expenses	\$ 11,955.29	\$ 11,955.29	\$	\$ 11,955.29
Service Fees - RLSA	27.00	27.00		27.00
Service Fees - RTMUA	<u>19,399.62</u>	<u>19,399.62</u>	<u>19,399.62</u>	
	\$ <u><u>31,381.91</u></u>	\$ <u><u>31,381.91</u></u>	\$ <u><u>19,399.62</u></u>	\$ <u><u>11,982.29</u></u>
<u>REF.</u>	D		D-4	D-1

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2012	D		\$ 126,907.09
Increased by:			
Sewer Charges Levied (Net)			<u>1,298,017.18</u>
			\$ <u>1,424,924.27</u>
Decreased by:			
Receipts	D-4	\$ 1,318,371.70	
Overpayments Applied to Revenue	D-10	<u>3,131.76</u>	
			<u>1,321,503.46</u>
Balance, December 31, 2013	D		\$ <u><u>103,420.81</u></u>

"D-9"

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>	
Increased by:		
Appropriations	D-3	\$ <u>2,176.12</u>
Balance, December 31, 2013	D	\$ <u><u>2,176.12</u></u>

"D-10"

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

Balance, December 31, 2012	D	\$ 3,131.76
Increased by:		
Receipts	D-4	\$ <u>2,936.50</u>
		\$ <u>6,068.26</u>
Decreased by:		
Applied to Revenue	D-8	<u>3,131.76</u>
Balance, December 31, 2013	D	\$ <u><u>2,936.50</u></u>

TOWNSHIP OF READINGTON

SEWER UTILITY FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2012 (Due From)	D	\$ <u>18,834.56</u>
Decreased by:		
Receipts	D-4	\$ <u><u>18,834.56</u></u>

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TOWNSHIP OF READINGTON

PART II

SINGLE AUDIT SECTION

REPORTS 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

REPORTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A-133

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members
of the Township Committee
Township of Readington
County of Hunterdon
509 Route 523
Whitehouse Station, New Jersey 08889

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various individual funds and account groups of the Township of Readington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon July 8, 2014. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Readington prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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.

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

Compliance and Other Matters

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

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 8, 2014



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A-133**

Honorable Mayor and Members
of the Township Committee
Township of Readington
County of Hunterdon
509 Route 523
Whitehouse Station, New Jersey 08889

Report on Compliance for Each Major Federal Program

We have audited the Township of Readington'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 each of the Township of Readington's major federal programs for the year ended December 31, 2013. The Township's major federal programs are identified in the summary of auditor's 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Readington's major federal programs 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, 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 of Readington'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 each major federal program. However, our audit does not provide a legal determination of the Township of Readington's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Township of Readington 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 of Readington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 of Readington'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 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 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 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 of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 8, 2014

TOWNSHIP OF READINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
			FROM	TO				
		<u>Department of Homeland Security</u>						
97.036	PA-02-NJ-4086-PW-01461	Disaster Assistance (1461)	10/30/12	4/30/13	\$ 2,848,385.29	\$ 1,538,770.05	\$ 2,848,385.29	\$ 2,848,385.29
97.036	PA-02-NJ-4086-PW-01656	Disaster Assistance (1656)	10/30/12	4/30/13	61,935.18	35,096.60	61,935.18	61,935.18
97.036	PA-02-NJ-4086-PW-01656	Disaster Assistance (2726)	10/30/12	4/30/13	900.00	900.00	900.00	900.00
97.036	PA-02-NJ-4086-PW-01656	Disaster Assistance (2727)	10/30/12	4/30/13	2,852.50	2,852.50	2,852.50	2,852.50
97.036	PA-02-NJ-4086-PW-01656	Disaster Assistance (3612)	10/30/12	4/30/13	79,101.66	39,550.83	79,101.66	79,101.66
97.042		Emergency Management Performance			39,901.50			27,451.50
						\$ 1,617,169.98	\$ 2,993,174.63	\$ 3,020,626.13

SCHEDULE 2

TOWNSHIP OF READINGTON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2013</u>
<u>Department of Law and Public Safety</u>					
Drunk Driving Enforcement Fund - Prior Year(s)	6400-100-078-6400-YYY	\$ 8,138.58	\$	\$ 5,836.83	\$ 8,138.58
Drunk Driving Enforcement Fund - Unappropriated	6400-100-078-6400-YYY	8,138.66	8,138.66		
Alcohol Education Rehabilitation Grant - Prior	9735-760-098-Y900-001	7,650.74		4,631.43	7,650.74
Alcohol Education Rehabilitation Grant	9735-760-098-Y900-001	3,852.55	3,852.55	1,481.61	1,481.61
Drive Sober or Get Pulled Over - Prior Year(s)		4,400.00	2,575.00		4,400.00
Drive Sober or Get Pulled Over		4,400.00	14,566.21	11,949.87	15,789.32
			\$	\$	\$
<u>Department of Environmental Protection</u>					
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	48,426.96	48,426.96	48,426.96	48,426.96
Green Acres (2009-22)		635,358.00	635,358.00		635,358.00
			\$ 683,784.96	\$ 48,426.96	\$ 683,784.96
			\$	\$	\$
<u>Division of Criminal Justice</u>					
Body Armor Replacement Fund - Prior	1020-718-066-100-001	2,514.01		805.71	2,514.01
Body Armor Replacement Fund	1020-718-066-100-001	3,125.80	3,125.80	2,026.29	2,026.29
			\$ 3,125.80	\$ 2,832.00	\$ 4,540.30
			\$	\$	\$
<u>Department of State</u>					
Historical Commission - Museum		10,841.00	5,420.50	5,420.50	5,420.50
			\$ 5,420.50	\$ 5,420.50	\$ 5,420.50
			\$	\$	\$
<u>Department of Transportation</u>					
2010 Road Overlay Program		90,000.00	90,000.00	7,177.00	90,000.00
Road Improvements 2012-15		35,750.00	35,750.00	35,750.00	35,750.00
			\$ 125,750.00	\$ 42,927.00	\$ 125,750.00
			\$	\$	\$
			\$ 832,647.47	\$ 111,556.33	\$ 835,285.08

TOWNSHIP OF READINGTON

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of the Township of Readington, County of Hunterdon, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial report.

TOWNSHIP OF READINGTON
COUNTY OF HUNTERDON, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| (1) Type of Auditor Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Significant deficiencies identified during the audit of the financial statements? | None Reported |
| (b) Significant deficiencies identified as material weaknesses? | N/A |
| (3) Noncompliance material to the financial statements noted during the audit? | None Reported |

Federal Program(s)

- | | |
|---|---------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Significant deficiencies identified during the audit of major federal programs? | None Reported |
| (b) Significant deficiencies identified as material weaknesses? | N/A |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 and listed in Section III of this schedule? | None Reported |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Disaster Grants - Public Assistance	97.036

- (5) Program Threshold Determination:

Type A Federal Program Threshold >= \$300,000.00
Type B Federal Program Threshold < \$300,000.00

- | | |
|---|----|
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | No |
|---|----|

State Program(s) - Not Applicable

TOWNSHIP OF READINGTON
COUNTY OF HUNTERDON, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported.

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal Programs

Federal Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

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PART III

TOWNSHIP OF READINGTON

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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

	<u>YEAR 2013</u>		<u>YEAR 2012</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 685,000.00	0.88%	\$ 1,359,175.00	1.76%
Miscellaneous - From Other Than Local Property Tax Levies	4,445,753.09	5.71%	4,189,252.83	5.43%
Collection of Delinquent Taxes and Tax Title Liens	973,418.49	1.25%	816,720.30	1.06%
Collections of Current Tax Levy	<u>71,689,622.66</u>	<u>92.16%</u>	<u>70,790,247.53</u>	<u>91.75%</u>
<u>Total Revenue</u>	<u>\$ 77,793,794.24</u>	<u>100.00%</u>	<u>\$ 77,155,395.66</u>	<u>100.00%</u>
 <u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 17,055,272.39	22.26%	\$ 19,644,531.00	24.71%
County Taxes	11,530,362.54	15.06%	11,331,923.58	14.26%
Local School District Taxes	28,774,995.00	37.58%	29,204,708.69	36.74%
Regional School District Taxes	18,490,719.00	24.15%	18,668,932.02	23.49%
Municipal Open Space Taxes	532,550.30	0.70%	538,374.92	0.68%
Other Expenditures	<u>193,789.57</u>	<u>0.25%</u>	<u>93,108.61</u>	<u>0.12%</u>
<u>Total Expenditures</u>	<u>\$ 76,577,688.80</u>	<u>100.00%</u>	<u>\$ 79,481,578.82</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	\$ 1,216,105.44		\$ (2,326,183.16)	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	\$ _____		\$ 3,000,000.00	
Excess in Revenue	<u>\$ 1,216,105.44</u>		<u>\$ 673,816.84</u>	
Fund Balance - January 1	<u>\$ 1,476,072.57</u>		<u>\$ 2,161,430.73</u>	
	\$ 2,692,178.01		\$ 2,835,247.57	
Less: Utilization as Anticipated Revenue	<u>685,000.00</u>		<u>1,359,175.00</u>	
Fund Balance, December 31	<u>\$ 2,007,178.01</u>		<u>\$ 1,476,072.57</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SEWER UTILITY OPERATING FUND

	<u>YEAR 2013</u>		<u>YEAR 2012</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$		\$	
Collection of Sewer Use Charges	1,321,503.46	84.05%	1,245,067.38	77.68%
Miscellaneous	<u>250,868.24</u>	<u>15.95%</u>	<u>272,768.06</u>	<u>17.02%</u>
<u>Total Revenue</u>	<u>\$ 1,572,371.70</u>	<u>100.00%</u>	<u>\$ 1,602,835.44</u>	<u>100.00%</u>
 <u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 1,483,275.00	99.57%	\$ 1,515,300.00	94.54%
Statutory Expenditures	6,370.00	0.43%	6,370.00	0.40%
Surplus General Budget			<u>81,165.44</u>	<u>5.06%</u>
<u>Total Expenditures</u>	<u>\$ 1,489,645.00</u>	<u>100.00%</u>	<u>\$ 1,602,835.44</u>	<u>100.00%</u>
Excess in Revenue	<u>\$ 82,726.70</u>		<u>\$ 0.00</u>	
Fund Balance - January 1	<u>200,406.13</u>		<u>285,406.13</u>	
	\$ 283,132.83		\$ 285,406.13	
Less: Utilization as Anticipated Revenue			<u>85,000.00</u>	
Fund Balance, December 31	<u>\$ 283,132.83</u>		<u>\$ 200,406.13</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$2.729</u>	<u>\$2.668</u>	<u>\$2.673</u>
Appointment of Tax Rate:			
Municipal	\$0.494	\$0.444	\$0.431
Municipal Open Space	0.020	0.020	0.019
County	0.434	0.422	0.436
Local School	1.085	1.087	1.077
Regional School	<u>0.696</u>	<u>0.695</u>	<u>0.710</u>

Assessed Valuation:

Year 2013	\$ <u>2,653,075,028.00</u>		
Year 2012		\$ <u>2,680,417,092.00</u>	
Year 2011			\$ <u>2,740,551,605.00</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>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$72,657,275.76	\$71,689,622.66	98.67%
2012	\$71,821,194.54	\$70,769,184.42	98.54%
2011	\$73,420,299.21	\$72,519,236.09	98.77%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>		<u>AMOUNT OF TAX TITLE LIENS</u>		<u>AMOUNT OF DELINQUENT TAXES</u>		<u>TOTAL DELINQUENT</u>		<u>PERCENTAGE OF TAX LEVY</u>
2013	\$	98,850.15	\$	1,289,488.03	\$	1,388,338.18		1.91%
2012		95,103.23		1,007,988.55		1,103,091.78		1.50%
2011		91,380.02		982,271.10		1,073,651.12		1.46%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>		<u>AMOUNT</u>
2013	\$	0.00
2012		0.00
2011		22,650.00

COMPARISON OF UTILITY LEVIES

<u>YEAR</u>		<u>LEVY</u>		<u>COLLECTIONS</u>
2013	\$	1,256,640.00	\$	1,153,219.19
2012		1,247,820.00		1,159,566.77
2011		1,244,880.00		1,190,542.57

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>		<u>BALANCE DECEMBER 31</u>		<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2013	\$	2,007,178.01	\$	1,340,199.66
	2012		1,476,072.57		685,000.00
	2011		2,161,430.73		1,359,175.00
	2010		2,234,746.75		1,293,000.00
	2009		1,587,855.29		800,000.00
Sewer Utility Operating Fund	2013	\$	283,132.83	\$	48,058.00
	2012		200,406.13		0.00
	2011		285,406.13		85,000.00
	2010		197,749.97		100,000.00
	2009		307,232.27		113,175.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Julia Allen	Mayor	*
Beatrice Muir	Deputy Mayor	*
Thomas Auriemma	Councilperson	*
Betty Ann Fort	Councilperson	*
Frank Gatti	Councilperson	*
Vita Mekovetz	Administrator, Clerk, Registrar, Qualified Purchasing Agent	*
Thomas Carro	Chief Financial Officer	*
Michael Balogh	Tax Collector, Tax Search Officer	*
Mary Mastro	Tax Assessor	*
Gerard Shamey	Municipal Court Judge	*
Nicole Slaughter	Municipal Court Administrator	*
Sebastian Donaruma	Police Chief	*

*All officials and employees (except as noted) handling and collecting Township funds are covered under a special multi-peril policy public employees blanket coverage endorsement for \$1,000,000.00.

All of the bonds were examined and were properly executed and were in accordance with the state promulgated schedule.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective January 1, 2011, the bid threshold in accordance with N.J.A.C. 40A:11-3 was increased to \$36,000 with a qualified purchasing agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Improvements to Summer Road
Solid Waste & Recycling Collection/Hauling/Disposal

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.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work or the furnishing or hiring of any material, supplies or services, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-6."

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for the following services:

Municipal Attorney
Municipal Auditor
Tax Attorney/Bankruptcy Service
Special Labor Counsel
Bond Counsel
Engineering and Land Surveying Services
Municipal Prosecutor
Municipal Public Defender
Various Other Consulting Services

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body, on January 7, 2013, adopted the following resolution pursuant to the provisions of R.S. 54:4-67 fixing the rate of delinquent taxes and assessments and on sanitary sewer service charges at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date and if the delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 17, 2013 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2013	5
2012	5
2011	5

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 the mailing of verification notices as follows:

<u>TYPE</u>	
Information Tax Positive Confirmation	50
Delinquent Tax Positive Confirmation	25
Information Utility Positive Confirmation	25
Delinquent Utility Positive Confirmation	15

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Purchasing

During the course of our audit, we noted that the Township maintains an encumbrance accounting system in accordance with state requirements. However, our tests disclosed that there were instances where certain departments circumvented the system by ordering goods or having services rendered prior to the issuance of a purchase order.

We noted one instance where a change order on an emergency contract was not approved by the governing body on a timely basis.

Departments

Our audit of the Animal Control department revealed that monies received per the Muidex reports do not accurately reflect actual turnovers to the Finance department. Also, we discovered that turnovers to the Finance department are not consistently performed within 48 hours as required.

Grants

Expenditures were charged to a grant line item which were never appropriated in the 2013 budget. Grants should be properly appropriated in the budget prior to the commitment or expenditure of funds.

RECOMMENDATIONS

*That every department fully comply with the Township's encumbrance accounting system.

That all change orders be approved by the governing body on a timely basis.

*That the Animal Control department implement a system of record keeping which accurately reflects actual receipts and turnovers, and that all monies be turned over to the Finance office within 48 hours.

That all grants be appropriated in the budget prior to the commitment or expenditure of funds.

* Prior Year Recommendations

