

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

REPORT OF AUDIT

2013

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

REPORT OF AUDIT

2013

TOWN OF HACKETTSTOWN
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TOWN OF HACKETTSTOWN
PART I
FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
YEAR ENDED DECEMBER 31, 2013



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Independent Auditors' Report

The Honorable Mayor and Members
 of the Town Council
 Town of Hackettstown, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members
of the Town Council
Town of Hackettstown
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Town on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

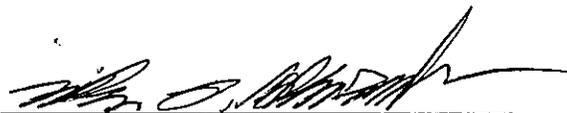
The Honorable Mayor and Members
of the Town Council
Town of Hackettstown
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014 on our consideration of the Town of Hackettstown'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 Town of Hackettstown's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 14, 2014

NISIVOCIA LLP



William F. Schroeder
Registered Municipal Accountant No. 452
Certified Public Accountant

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
CURRENT FUND

TOWN OF HACKETTSTOWN
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 8,479,849.42	\$ 7,703,250.21
Change Fund- Deputy Clerk		150.00	150.00
Change Fund- Court		150.00	150.00
Change Fund- Tax Collector		100.00	100.00
		<u>8,480,249.42</u>	<u>7,703,650.21</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	425,884.13	488,802.86
Tax Title Liens Receivable	A-7	117,089.17	94,890.45
Property Acquired for Taxes at Assessed Valuation		10,800.00	10,800.00
DPW Municipal Lien		2,442.00	
Revenue Accounts Receivable	A-8	11,139.36	13,294.05
Due Animal Control Fund	B	0.85	1.65
Due Other Trust Fund	B	21.48	16.76
Due General Capital Fund	C	83.82	158.63
Total Receivables and Other Assets With Full Reserves		<u>567,460.81</u>	<u>607,964.40</u>
Deferred Charges:			
Special Emergency Authorization		37,000.00	74,000.00
		<u>37,000.00</u>	<u>74,000.00</u>
Total Regular Fund		<u>9,084,710.23</u>	<u>8,385,614.61</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-11	148,011.58	137,273.94
Due from Current Fund	A	116,762.02	114,724.76
Total Federal and State Grant Fund		<u>264,773.60</u>	<u>251,998.70</u>
<u>TOTAL ASSETS</u>		<u>\$ 9,349,483.83</u>	<u>\$ 8,637,613.31</u>

TOWN OF HACKETTSTOWN
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 692,671.63	\$ 792,387.62
Encumbered	A-3;A-9	329,738.95	284,176.74
Total Appropriation Reserves		1,022,410.58	1,076,564.36
Prepaid Taxes		153,249.92	63,859.74
Prepaid Licenses		2,585.00	2,720.00
County Taxes Payable		13,072.25	5,090.36
Due to Hackettstown Municipal Utility Authority			277.96
Due to Federal and State Grant Fund	A	116,762.02	114,724.76
Accounts Payable - Vendors		19,930.41	14,451.04
Due to State of New Jersey:			
Senior Citizens' and Veteran's Deductions		10,145.23	11,614.41
Marriage License Fees		375.00	225.00
Burial Surcharge Fees			5.00
Construction Code Surcharge Fees		1,832.00	1,647.00
Local School District Taxes Payable	A-10	1,039,745.80	2,942,291.04
Reserve for Tax Appeals		2,864,930.00	461,548.58
Reserve for Tax Sale Premiums		250,700.00	140,200.00
Reserve for Garden State Trust Preservation			61,706.00
Reserve for Third Party Liens		25,586.70	
Reserve for Fire Prevention			27,808.44
		5,521,324.91	4,924,733.69
Reserve for Receivables and Other			
Assets	A	567,460.81	607,964.40
Fund Balance	A-1	2,995,924.51	2,852,916.52
Total Regular Fund		9,084,710.23	8,385,614.61
Federal and State Grant Fund:			
Appropriated Reserves	A-12	184,633.21	174,426.87
Unappropriated Reserves	A-13	33,379.39	24,196.08
Reserve for Encumbrances	A-12	46,761.00	53,375.75
Total Federal and State Grant Fund		264,773.60	251,998.70
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,349,483.83</u>	<u>\$ 8,637,613.31</u>

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

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

	Ref.	Year Ended December 31,	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,525,000.00	\$ 1,416,000.00
Miscellaneous Revenue Anticipated		1,814,213.32	2,097,063.92
Receipts from:			
Delinquent Taxes		482,729.10	596,719.11
Current Taxes		27,302,219.89	26,670,221.80
Nonbudget Revenue		134,061.39	119,270.39
Other Credits to Income:			
Interfunds Returned		70.89	
Increase in Deferred Local School Tax		2,026,145.24	
Cancellation of Marriage Licenses Fees Due State			25.00
Cancellation of Construction Code Fees Due State			19.00
Closeout of Reserve for Fire Prevention		3,440.16	
Unexpended Balance of Appropriation Reserves		795,092.75	689,986.16
State Grant Reserve Cancelled		50,000.00	21,000.01
Total Income		<u>34,132,972.74</u>	<u>31,610,305.39</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		8,550,469.20	8,585,583.33
Refund of Prior Year Revenue		3,984.39	
Cancellation of Prior Year Interfund			17.12
Interfunds Advanced			62.24
Cancellation of Hackettstown Municipal Utility Authority Receivable		0.04	
Prior Year Senior Citizens' and Veterans			
Deductions Disallowed		750.00	8,950.68
Reserve for Pending Tax Appeals		2,439,910.86	250,000.00
State Grant Receivable Cancelled		50,284.76	21,000.00
County Taxes		6,596,543.25	6,407,999.79
County Share of Added Taxes		13,072.25	5,090.36
Local District School Taxes		<u>14,809,950.00</u>	<u>14,568,500.00</u>
Total Expenditures		<u>32,464,964.75</u>	<u>29,847,203.52</u>
Excess in Revenue		1,668,007.99	1,763,101.87
<u>Fund Balance</u>			
Balance January 1		<u>2,852,916.52</u>	<u>2,505,814.65</u>
		4,520,924.51	4,268,916.52
Decreased by:			
Utilized as Anticipated Revenue		<u>1,525,000.00</u>	<u>1,416,000.00</u>
Balance December 31	A	<u>\$ 2,995,924.51</u>	<u>\$ 2,852,916.52</u>

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

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,525,000.00		\$ 1,525,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	6,000.00		7,479.00	\$ 1,479.00
Other	6,300.00		6,470.00	170.00
Fees and Permits	65,000.00		73,843.00	8,843.00
Fines and Costs:				
Municipal Court	130,000.00		197,441.12	67,441.12
Interest and Costs on Taxes	100,000.00		136,491.82	36,491.82
Interest on Investments	10,000.00		14,119.50	4,119.50
Rental Inspection Fees	6,000.00		17,225.00	11,225.00
Consolidated Municipal Property Tax Relief	75,871.00		75,871.00	
Energy Receipts Tax	644,716.00		644,716.24	0.24
Garden State Trust Fund	61,706.00		61,706.00	
Uniform Construction Code Fees- Building	80,000.00		100,242.00	20,242.00
Uniform Construction Code Fees- Electric	12,000.00		28,092.00	16,092.00
Uniform Construction Code Fees- Fire	7,000.00		13,742.00	6,742.00
Reserve for Recycling Tonnage Grant	12,684.34		12,684.34	
Clean Communities Program		\$ 16,784.40	16,784.40	
Municipal Alliance on Alcoholism and Drug Abuse- State	7,990.00		7,990.00	
Body Armor Grant	1,901.05		1,901.05	
Atlantic Health Traffic Grant	500.00		500.00	
Click it or Ticket		4,000.00	4,000.00	
Drive Sober or Get Pulled Over		4,400.00	4,400.00	
Drive Sober or Get Pulled Over Holiday		4,400.00	4,400.00	
Dare Program Donation	75.00		75.00	
Department of Justice Bulletproof Vest Grant	1,391.50		1,391.50	
Emergency Management grant	5,000.00		5,000.00	
Alcohol Education Rehabilitation Fund	2,644.19		2,644.19	
Pedestrian Safety Grant		12,000.00	12,000.00	
Parking Authority Parking Project		50,000.00	50,000.00	
Reserve for Fire Prevention Fees	24,368.28		24,368.28	
Reserve for Purchase of Pedestrian Signs		2,370.00	2,370.00	
Uniform Fire Safety Act	31,003.72		49,878.05	18,874.33
Reserve to Pay Debt Service	236,387.83		236,387.83	
Total Miscellaneous Revenue	<u>1,528,538.91</u>	<u>93,954.40</u>	<u>1,814,213.32</u>	<u>191,720.01</u>
Receipts from Delinquent Taxes	<u>430,000.00</u>		<u>482,729.10</u>	<u>52,729.10</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	5,994,968.25		6,904,645.64	909,677.39
Minimum Library Tax	333,306.00		333,306.00	
Total Municipal Budget	<u>6,328,274.25</u>		<u>7,237,951.64</u>	<u>909,677.39</u>
Budget Totals	<u>9,811,813.16</u>	<u>93,954.40</u>	<u>11,059,894.06</u>	<u>1,154,126.50</u>
Nonbudget Revenue			134,061.39	134,061.39
	<u>\$ 9,811,813.16</u>	<u>\$ 93,954.40</u>	<u>\$ 11,193,955.45</u>	<u>\$ 1,288,187.89</u>

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 27,302,219.89
Allocated to County and School Taxes	<u>21,419,565.50</u>
Balance for Support of Municipal Budget	5,882,654.39
Add: Appropriation - Reserve for Uncollected Taxes	<u>1,355,297.25</u>
Realized for Support of Municipal Budget	<u><u>\$ 7,237,951.64</u></u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fee	\$ 29,265.89	
Police Administrative Fees	12,526.99	
Nutrition Center	9,000.00	
Cat Licenses	1,937.00	
Copies/Tax Maps/Ordinances	134.66	
Payments in Lieu of Taxes	45,093.98	
Senior Citizens and Veterans Deductions Administration Fee	1,583.07	
Prior Year Refunds	392.04	
Other Miscellaneous Revenues	<u>32,887.76</u>	
		\$ 132,821.39

Tax Collector Miscellaneous Revenue

	1,240.00
	<u><u>\$ 134,061.39</u></u>

Analysis of Interest Earned:

Current Fund	\$ 12,700.04
Animal Control Fund	12.50
Other Trust Fund	211.73
General Capital Fund	<u>1,195.23</u>
	<u><u>\$ 14,119.50</u></u>

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 88,105.00	\$ 88,105.00	\$ 82,589.60	\$ 5,515.40	
Other Expenses	16,000.00	16,000.00	13,074.29	2,925.71	
Mayor and Council:					
Salaries & Wages	27,681.00	27,681.00	26,080.00	1,601.00	
Other Expenses	2,500.00	2,500.00	1,593.25	906.75	
Municipal Clerk:					
Salaries & Wages	83,105.00	83,105.00	82,589.46	515.54	
Other Expenses	20,000.00	20,000.00	17,905.94	2,094.06	
Financial Administration:					
Salaries & Wages	118,550.00	118,550.00	117,167.37	1,382.63	
Other Expenses	6,000.00	6,000.00	3,688.33	2,311.67	
Audit	32,570.00	32,570.00	32,570.00		
Computerized Data Processing:					
Other Expenses	22,000.00	22,000.00	21,102.88	897.12	
Collection of Taxes:					
Salaries & Wages	54,500.00	54,500.00	54,152.58	347.42	
Other Expenses	4,150.00	4,150.00	1,751.57	2,398.43	
Assessment of Taxes:					
Salaries & Wages	49,852.00	49,852.00	42,799.76	7,052.24	
Miscellaneous Other Expenses	9,100.00	9,100.00	8,563.78	536.22	
Tax Map Revision	250.00	250.00		250.00	
Appraisals	14,000.00	14,000.00		14,000.00	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
GENERAL GOVERNMENT (continued):					
Legal Services and Costs:					
Other Expenses	\$ 100,000.00	\$ 100,000.00	\$ 72,211.53	\$ 27,788.47	
Engineering Services and Costs:					
Other Expenses	22,000.00	22,000.00	9,162.87	12,837.13	
Economic and Industrial Development Commission:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Historical Preservation Commission:					
Salaries & Wages	2,090.00	2,090.00	1,966.56	123.44	
Other Expenses	250.00	250.00	159.00	91.00	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Salaries & Wages	16,805.00	16,805.00	16,268.88	536.12	
Other Expenses	3,600.00	3,600.00	3,375.98	224.02	
Board of Adjustment:					
Salaries & Wages	16,875.00	16,875.00	16,269.12	605.88	
Other Expenses	2,000.00	2,000.00	968.18	1,031.82	
Salaries & Wages-Flood Plain Administrator	3,000.00	3,000.00	2,124.40	875.60	
Insurance:					
Other Insurance Premiums	147,000.00	147,000.00	144,334.82	2,665.18	
Liability Insurance	125,192.00	125,192.00	125,192.00		
Group Insurance Plan for Employees	765,440.00	765,440.00	719,259.58	46,180.42	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	2,031,450.00	2,031,450.00	1,887,691.30	143,758.70	
Other Expenses	140,018.00	140,018.00	121,602.13	18,415.87	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS" (continued)					
PUBLIC SAFETY: (continued)					
Emergency Management System:					
Salaries & Wages	\$ 5,575.00	\$ 5,575.00	\$ 4,455.75	\$ 1,119.25	
Other Expenses	1,570.00	1,570.00	78.60	1,491.40	
First Aid Organization Contributions	37,305.00	37,305.00	12,305.00	25,000.00	
Fire:					
Salaries & Wages	12,231.00	12,231.00	12,227.00	4.00	
Other Expenses	68,200.00	68,200.00	53,236.56	14,963.44	
Fire Prevention:					
Salaries & Wages	48,192.00	48,192.00	35,776.08	12,415.92	
Other Expenses	7,180.00	7,180.00	6,054.02	1,125.98	
Municipal Prosecutor:					
Salaries & Wages	18,000.00	18,000.00	16,450.08	1,549.92	
PUBLIC WORKS FUNCTIONS:					
Department of Public Works:					
Salaries & Wages	424,685.00	424,685.00	346,351.60	78,333.40	
Other Expenses (NJSA 40A:4-87 + \$2,370.00)	258,645.00	261,015.00	222,292.42	38,722.58	
Shade Tree Commission:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Public Buildings and Grounds:					
Salaries & Wages	51,371.00	51,371.00	47,117.20	4,253.80	
Other Expenses	39,663.00	39,663.00	34,012.89	5,650.11	
Vehicle Maintenance:					
Other Expenses	52,500.00	52,500.00	37,742.42	14,757.58	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	\$ 13,915.00	\$ 13,915.00	\$ 12,749.05	\$ 1,165.95	
Other Expenses	2,200.00	2,200.00	1,970.92	229.08	
Animal Control:					
Other Expenses	10,225.00	10,225.00	9,431.46	793.54	
Senior Center Coordinator:					
Other Expenses	4,900.00	4,900.00	4,000.00	900.00	
PARKS AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners:					
Salaries and Wages	191,000.00	191,000.00	189,242.78	1,757.22	
Other Expenses	82,534.00	82,534.00	79,270.27	3,263.73	
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events:					
Other Expenses	7,000.00	7,000.00	360.00	6,640.00	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	60,772.00	60,772.00	35,397.11	25,374.89	
Street Lighting	105,000.00	105,000.00	99,020.95	5,979.05	
Telephone	50,000.00	50,000.00	45,471.22	4,528.78	
Heating Oil	46,500.00	46,500.00	34,598.55	11,901.45	
Gasoline and Diesel	110,000.00	110,000.00	100,000.00	10,000.00	
Garbage and Trash Removal	8,125.00	8,125.00	8,100.00	25.00	
Municipal Services Act	10,900.00	10,900.00	9,710.95	1,189.05	
Municipal Court:					
Salaries & Wages	109,910.00	109,910.00	109,849.90	60.10	
Other Expenses	11,300.00	11,300.00	9,560.70	1,739.30	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
Court Officer:					
Salaries & Wages	\$ 7,200.00	\$ 7,200.00	\$ 5,789.94	\$ 1,410.06	
Public Defender:					
Salaries & Wages	5,700.00	5,700.00	3,933.48	1,766.52	
Rental Property Inspections:					
Salaries & Wages	5,150.00	5,150.00	4,062.42	1,087.58	
Other Expenses	1,500.00	1,500.00	361.77	1,138.23	
COAH:					
Salaries & Wages	5,150.00	4,459.00		4,459.00	
Construction Code Official:					
Salaries & Wages	210,043.00	210,043.00	169,911.25	40,131.75	
Other Expenses	9,350.00	9,350.00	2,526.85	6,823.15	
Total Operations within "CAPS"	6,023,574.00	6,025,253.00	5,389,634.35	635,618.65	
Contingent	1,500.00	1,500.00		1,500.00	
Total Operations Including Contingent within "CAPS"	6,025,074.00	6,026,753.00	5,389,634.35	637,118.65	
Detail:					
Salaries & Wages	3,600,135.00	3,599,444.00	3,287,615.56	311,828.44	
Other Expenses (Including Contingent)	2,424,939.00	2,427,309.00	2,102,018.79	325,290.21	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	168,938.00	169,629.00	169,628.68	0.32	
Social Security (O.A.S.I)	300,000.00	300,000.00	246,660.96	53,339.04	
Police and Firemen's Retirement System of New Jersey	347,591.00	347,591.00	347,591.00		
Unemployment Compensation Insurance	17,000.00	17,000.00	17,000.00		
Defined Contribution Retirement Program	3,000.00	3,000.00	2,028.01	971.99	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	836,529.00	837,220.00	782,908.65	54,311.35	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 6,861,603.00	\$ 6,863,973.00	\$ 6,172,543.00	\$ 691,430.00	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library	333,306.00	333,306.00	333,128.37	177.63	
Stormwater Management:					
Other Expenses	5,100.00	5,100.00	4,036.00	1,064.00	
Group Insurance Plan for Employees	4,560.00	4,560.00	4,560.00		
Total Other Operations - Excluded from "CAPS"	342,966.00	342,966.00	341,724.37	1,241.63	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant (NJSA 40A:4-87 \$16,784.40)		16,784.40	16,784.40		
Body Armor Grant	1,901.05	1,901.05	1,901.05		
Municipal Alliance Program:					
State Share	7,990.00	7,990.00	7,990.00		
Local Share	2,994.00	2,994.00	2,994.00		
Reserve for Recycling Tonnage Grant	12,684.34	12,684.34	12,684.34		
Atlantic Health Traffic Grant	500.00	500.00	500.00		
Click it or Ticket (NJSA 40A:4-87 + \$4,000.00)		4,000.00	4,000.00		
Drive Sober Get Pulled Over (NJSA 40A:4-87 + \$4,400.00)		4,400.00	4,400.00		
Drive Sober Get Pulled Over Holiday (NJSA 40A:4-87 + \$4,400.00)		4,400.00	4,400.00		
Dare Program Donation	75.00	75.00	75.00		
Department of Justice Bulletproof Vest Grant	1,391.50	1,391.50	1,391.50		
Emergency Management Grant	5,000.00	5,000.00	5,000.00		
Alcohol Education Rehabilitation Fund	2,644.19	2,644.19	2,644.19		
Pedestrian Safety Grant (NJSA 40A:4-87 \$12,000.00)		12,000.00	12,000.00		
Parking Authority Paving Project (NJSA 40A:4-87 \$50,000.00)		50,000.00	50,000.00		
Total Public and Private Programs Offset by Revenues	35,180.08	126,764.48	126,764.48		
Total Operations - Excluded from "CAPS"	378,146.08	469,730.48	468,488.85	1,241.63	

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued):					
Detail:					
Other Expenses	\$ 378,146.08	\$ 469,730.48	\$ 468,488.85	\$ 1,241.63	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Total Capital Improvements Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations- 5 years (N.J.S.A.40A:4-55)	37,000.00	37,000.00	37,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	37,000.00	37,000.00	37,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	1,065,381.33	1,065,381.33	1,065,381.33		
Interest on Notes	29,252.00	29,252.00	29,250.89		\$ 1.11
Loan Repayments for Principal and Interest	35,133.50	35,133.50	35,133.50		
Total Municipal Debt Service - Excluded from "CAPS"	1,129,766.83	1,129,766.83	1,129,765.72		1.11
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,594,912.91	1,686,497.31	1,685,254.57	1,241.63	1.11
Subtotal General Appropriations	8,456,515.91	8,550,470.31	7,857,797.57	692,671.63	1.11
Reserve for Uncollected Taxes	1,355,297.25	1,355,297.25	1,355,297.25		
Total General Appropriations	\$ 9,811,813.16	\$ 9,905,767.56	\$ 9,213,094.82	\$ 692,671.63	\$ 1.11

Ref.

A

TOWN OF HACKETTSTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,811,813.16	
Added by N.J.S.A. 40A:4-87		<u>93,954.40</u>	
		<u>\$ 9,905,767.56</u>	
Reserve for Uncollected Taxes			\$ 1,355,297.25
Cash Disbursed			7,426,888.83
Due to Federal and State Grant Fund			126,764.48
Deferred Charges - Special Emergency Authorization			37,000.00
Encumbrances	A		<u>329,738.95</u>
			9,275,689.51
Less: Appropriation Refunds			<u>62,594.69</u>
			<u>\$ 9,213,094.82</u>

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

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
TRUST FUNDS

TOWN OF HACKETTSTOWN
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 5,882.74	\$ 7,057.92
Recreation Trust Fund:			
Cash and Cash Equivalents	B-4	265,521.40	246,965.55
Other Trust Funds:			
Cash and Cash Equivalents	B-4	510,338.39	316,178.77
<u>TOTAL ASSETS</u>		<u>\$ 781,742.53</u>	<u>\$ 570,202.24</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 0.85	\$ 1.65
Due to State of New Jersey			1.20
Reserve for Animal Control Fund Expenditures	B-5	5,881.89	7,055.07
		<u>5,882.74</u>	<u>7,057.92</u>
Recreation Trust Fund:			
Reserve for Recreation Fund Expenditures		265,521.40	246,965.55
Other Trust Funds:			
Due to Current Fund	A	21.48	16.76
Reserve for:			
Parking Offenses Adjudication Act		3,343.85	3,987.85
Performance Bonds		10,413.67	10,413.67
COAH Trust		5,030.69	5,023.14
Escrow Deposits		327,618.94	184,145.69
Unemployment Compensation Fund		59,687.42	42,165.82
Recycling Funds		21,977.90	18,926.49
Business District Improvement Funds		3,800.68	5,242.81
Snow Removal		61,106.22	30,191.10
Police Outside Duty			244.00
Fire Prevention Penalty		9,734.54	9,144.44
Fire Department Penalty Account		7,603.00	6,677.00
Total Other Trust Funds		<u>510,338.39</u>	<u>316,178.77</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 781,742.53</u>	<u>\$ 570,202.24</u>

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

TOWN OF HACKETTSTOWN
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

TOWN OF HACKETTSTOWN
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 434,457.78	\$ 739,893.43
Deferred Charges to Future Taxation:			
Funded		310,021.82	338,526.60
Unfunded	C-4	<u>2,464,365.00</u>	<u>3,496,565.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,208,844.60</u>	<u>\$ 4,574,985.03</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 2,200,740.00	\$ 3,112,565.00
Green Acres Loan Payable	C-9	310,021.82	338,526.60
Improvement Authorizations:			
Funded	C-5	3,769.44	122,129.82
Unfunded	C-5	310,716.98	619,943.35
Due Current Fund	A	83.82	158.63
Capital Improvement Fund	C-6	103,884.01	89,837.96
Reserve for:			
Encumbrances	C-5	44,466.42	44,355.79
To Pay Debt Service		124,071.33	236,387.83
Fund Balance	C-1	<u>111,090.78</u>	<u>11,080.05</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,208,844.60</u>	<u>\$ 4,574,985.03</u>

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

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 11,080.05
Increased by:		
Cancellation of Ordinances		<u>100,010.73</u>
Balance December 31, 2013	C	<u>\$ 111,090.78</u>

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

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
WATER UTILITY FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
SEWER UTILITY FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
PUBLIC ASSISTANCE FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF HACKETTSTOWN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Land	\$ 3,718,300.00	\$ 3,718,300.00
Buildings	4,181,143.00	4,181,143.00
Machinery and Equipment	<u>5,367,227.58</u>	<u>5,259,903.66</u>
<u>TOTAL ASSETS</u>	<u>\$ 13,266,670.58</u>	<u>\$13,159,346.66</u>
 <u>RESERVES</u>		
Investments in General Fixed Assets	<u>\$ 13,266,670.58</u>	<u>\$13,159,346.66</u>
<u>TOTAL RESERVES</u>	<u>\$ 13,266,670.58</u>	<u>\$13,159,346.66</u>

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Town of Hackettstown include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Hackettstown, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Town of Hackettstown do not include the operations of the Volunteer Fire and First Aid Squads or the Municipal Library.

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

B. Description of Funds

The accounting policies of the Town of Hackettstown conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Town of Hackettstown accounts for its financial transactions through the following separate funds:

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

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

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1C - "Basis of Accounting".

C. Basis of Accounting

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

The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Town's budget. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Town of Hackettstown's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned and inventories would not be reflected as expenditures at the time of purchase.

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

D. Other significant accounting policies include:

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

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

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

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

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

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

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.

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

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

D. Other Significant Accounting Policies (Cont'd)

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the Town has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical or estimated historical cost, except for land which is recorded at historical value, and buildings, which are recorded at replacement value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts. Maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a reserve entitled "Investment in General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund and the general capital fund. The values recorded in the general fixed assets account group, the current fund, and the general capital fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

- E. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.
- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Operating Fund. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Town during the year.

Note 2: Long-Term Debt

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

Summary of Municipal Debt

	December 31,		
	2013	2012	2011
<u>Issued:</u>			
General:			
Bond Anticipation Notes	\$ 2,200,740.00	\$ 3,112,565.00	\$ 4,236,143.00
General:			
Loans Payable	310,021.82	338,526.60	366,469.73
Total Issued	<u>2,510,761.82</u>	<u>3,451,091.60</u>	<u>4,602,612.73</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	263,625.00	384,000.00	57,000.00
Total Authorized but not Issued	<u>263,625.00</u>	<u>384,000.00</u>	<u>57,000.00</u>
Less: Reserve to Pay Debt Service	<u>124,071.33</u>	<u>236,387.83</u>	<u>528,478.13</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 2,650,315.49</u>	<u>\$ 3,598,703.77</u>	<u>\$ 4,131,134.60</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.266%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 2,774,386.82	\$ 124,071.33	\$ 2,650,315.49
Local School Debt	<u>2,490,000.00</u>	<u>2,490,000.00</u>	
	<u>\$ 5,264,386.82</u>	<u>\$ 2,614,071.33</u>	<u>\$ 2,650,315.49</u>

Net Debt \$2,650,315.49 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$995,838,744.00 = 0.266%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 34,854,356.04
Net Debt	<u>2,650,315.49</u>
Remaining Borrowing Power	<u>\$ 32,204,040.55</u>

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2012</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2013</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 3,112,565.00	\$ 2,200,740.00	\$ 3,112,565.00	\$ 2,200,740.00
Loans Payable:				
General Capital Fund	338,526.60		28,504.78	310,021.82
Total	<u>\$ 3,451,091.60</u>	<u>\$ 2,200,740.00</u>	<u>\$ 3,141,069.78</u>	<u>\$ 2,510,761.82</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2011</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2012</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 4,236,143.00	\$ 3,112,565.00	\$ 4,236,143.00	\$ 3,112,565.00
Loans Payable:				
General Capital Fund	366,469.73		27,943.13	338,526.60
Total	<u>\$ 4,602,612.73</u>	<u>\$ 3,112,565.00</u>	<u>\$ 4,264,086.13</u>	<u>\$ 3,451,091.60</u>

Schedule of Annual Debt Service For Principal and Interest for the Next Five Years and Thereafter for Loans Issued and Outstanding

The schedule of annual debt service for principal and interest on the loan payable is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 29,077.73	\$ 6,055.76	\$ 35,133.49
2015	29,662.19	5,471.30	35,133.49
2016	30,258.40	4,875.10	35,133.50
2017	30,866.59	4,266.91	35,133.50
2018	31,487.01	3,646.48	35,133.49
2019-2023	146,356.40	8,790.65	155,147.05
2024	12,313.50	123.14	12,436.64
	<u>\$ 310,021.82</u>	<u>\$ 33,229.34</u>	<u>\$ 343,251.16</u>

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

Analysis of Debt Issued and Outstanding

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>
	<u>Outstanding Dec. 31, 2013</u>		
	<u>Date</u>	<u>Amount</u>	
Countryside Lane Improvements	5/14/2014	\$ 249,853.31	0.76%
Various Improvements	9/16/2014	109,778.44	0.99%
Amending 2009-15 Streetscape Improvement	5/14/2014	631,545.16	0.76%
Amending 2009-15 Streetscape Improvement	5/14/2014	57,000.00	0.76%
Amending 2009-15 Streetscape Improvement	9/16/2014	435,000.00	0.99%
Acquisition of Fire Truck	9/16/2014	71,983.21	0.99%
Valentine Street Improvements	5/14/2014	147,166.43	0.76%
Acquisition of Dump Truck	9/16/2014	135,030.35	0.99%
Various Improvements	5/14/2014	363,383.10	0.76%
		\$ 2,200,740.00	

General Capital Green Acres Loans Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Green Acres Loan #1	5/16/2024	2.00%	\$ 234,517.46
Green Acres Loan #2	9/21/2021	2.00%	75,504.36
			\$ 310,021.82
Total Debt Issued and Outstanding			\$ 2,510,761.82

Note 3: Green Acres Trust Program

The Town was approved for the Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement to land for recreation.

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest on the loans, is at the rate of 2% annually on the outstanding balance.

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charge is shown on the balance sheet of the following fund.

	Balance Dec. 31, 2013	2014 Budget Appropriation
Current Fund:		
Special Emergency Authorization	\$ 37,000.00	\$ 37,000.00
	<u>\$ 37,000.00</u>	<u>\$ 37,000.00</u>

The 2014 Budget Appropriation will not be less than that required by statute.

Note 5: Fund Balance Appropriated

As of the date of this report, the budget for 2014 has not been introduced. Thus, the amount of fund balance at December 31, 2013 which will be included in the Current Fund budget for the year ending December 31, 2014, is not known at this date.

Note 6: Local School District Taxes

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

Local District Tax has been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the current fund liabilities as follows:

	<u>Local School Tax</u>	
	Balance 12/31/2013	Balance 12/31/2012
Balance of Tax	\$ 7,315,319.04	\$ 7,191,719.04
Deferred	<u>6,275,573.24</u>	<u>4,249,428.00</u>
Tax Payable	<u>\$ 1,039,745.80</u>	<u>\$ 2,942,291.04</u>

Note 7: Pension Plans

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

Note 7: Pension Plans (Cont'd)

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

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

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

Town contributions to PERS amounted to \$169,628.68, \$176,289.00 and \$186,926.00 for 2013, 2012 and 2011 respectively.

Town contributions for PFRS amounted to \$347,591.00, \$322,182.00 and \$434,112.00 for 2013, 2012 and 2011 respectively.

Town contributions for DCRP amounted to \$2,028.01, \$1,503.14 and \$527.25 for 2013, 2012 and 2011 respectively.

Note 8: Selected Tax Information

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2013	2012	2011
<u>Tax Rate</u>	\$ 2.611	\$ 2.533	\$ 2.458
<u>Apportionment of Tax Rate:</u>			
Municipal	0.595	0.579	0.562
County	0.579	0.539	0.532
Local School Tax	1.394	1.356	1.330
County Open Space Tax	0.043	0.059	0.061
<u>Assessed Valuations:</u>			
2013	\$ 1,062,452,765		
2012		\$ 1,074,139,999	
2011			\$ 1,084,848,633

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 27,795,618.26	\$ 27,302,219.89	98.22%
2012	27,229,524.82	26,670,221.80	97.95%
2011	26,975,365.39	26,293,606.51	97.47%

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

Note 9: Cash and Cash Equivalents

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

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

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

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

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

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

Deposits:

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

Investments (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2013, cash and cash equivalents of the Town of Hackettstown consisted of the following:

	Checking Accounts	Cash on Hand	Total
Current Fund	\$ 8,479,849.42	\$ 400.00	\$ 8,480,249.42
Animal Control Fund	5,882.74		5,882.74
Recreation Trust Fund	265,521.40		265,521.40
Other Trust Funds	510,338.39		510,338.39
General Capital Fund	434,457.78		434,457.78
	<u>\$ 9,696,049.73</u>	<u>\$ 400.00</u>	<u>\$ 9,696,449.73</u>

During the year ended December 31, 2013, the Town did not hold any investments. The carrying amount of the Town's cash and cash equivalents at December 31, 2013, was \$9,696,449.73 and the bank balance was \$9,796,151.92.

Note 10: Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to employees through the State of New Jersey health benefits plan.

The Town of Hackettstown is currently a member of the Statewide Insurance Fund (the "Fund"). The fund provides its members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is risk-sharing public entity risk pool that is an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund is elected.

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Risk Management: (Cont'd)

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

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

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

	Statewide Insurance Fund Dec. 31, 2012
Total Assets	\$ 35,903,110
Net Position	\$ 4,749,231
Total Revenue	\$ 23,147,328
Total Expenditures	\$ 22,992,413
Change in Net Position	\$ 154,915
Member Dividends	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Statewide Insurance Fund
C/O HRH of Northern New Jersey, Inc.
100 Passaic Avenue CN 40003
Fairfield, New Jersey 07004

New Jersey Unemployment Compensation Insurance

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Town 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 Town is billed quarterly for amounts due to the state.

The following is a summary of Town and employee contributions, interest earned and amounts reimbursed to the State for benefits paid and the ending balance of the Town's expendable trust fund for the current and previous two years.

Year	Town Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2013	\$ -0-	\$ 20,878.72	\$ 63.62	\$ 3,420.74	\$ 59,687.42
2012	-0-	18,298.98	96.35	14,700.47	42,165.82
2011	-0-	15,092.02	52.21	18,152.09	38,470.96

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

Note 11: 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	\$ 106.15	\$ 116,762.02
Federal and State Grant	116,762.02	
Animal Control Trust		0.85
Other Trust		21.48
General Capital		83.82
	<u>\$ 116,868.17</u>	<u>\$ 116,868.17</u>

Interfund activity between the Current Fund and the Federal and State Grant Fund consisted mostly of revenue and expenditures flowing through the Current Fund during the year. The interfund activity between the Current Fund and the General Capital Fund consisted of interest earned in the General Capital Fund and due to the Current Fund at year end. The remainder of the interfunds payable and receivable at year end, were a result of interest earned and not yet transferred to Current Fund at year end.

Note 12: Economic Dependency

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

Note 13: Contingent Liabilities

The Town is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Town vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Various tax appeals on assessed valuations have been filed against the Town and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Town assessments. The Town has established a reserve, which it feels is sufficient, for this contingency in the amount of \$2,864,930.

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

TOWN OF HACKETTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 14: Deferred Compensation

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrator is as follows:

- Variable Annuity Life Insurance Company

Note 15: Accrued Sick and Vacation Benefits

The Town has permitted full-time employees to accrue unused vacation and sick pay and carry over all unused sick days. The current cost of such unpaid compensation has been estimated at approximately \$580,691.21 at December 31, 2013, and is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used.

Note 16: Fixed Assets

The following schedule is a summarization of the general fixed assets for the fiscal year ended December 31, 2013:

	Balance Dec. 31, 2012	Additions	Deletions	Balance Dec. 31, 2013
Land	\$ 3,718,300.00			\$ 3,718,300.00
Buildings	4,181,143.00			4,181,143.00
Machinery and Equipment	5,259,903.66	\$ 152,592.92	\$ 45,269.00	5,367,227.58
	<u>\$13,159,346.66</u>	<u>\$ 152,592.92</u>	<u>\$ 45,269.00</u>	<u>\$13,266,670.58</u>

TOWN OF HACKETTSTOWN

SUPPLEMENTARY DATA

TOWN OF HACKETTSTOWN
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2013

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Maria DiGiovanni	Mayor		
Eric Tynan	Member of Council		
John Stout	Member of Council		
Leonard Kunz	Member of Council		
Gerald DiMaio	Member of Council		
Scott Sheldon	Member of Council		
William Conforti	Member of Council		
William Kuster, Jr.	Town Clerk/Administrator, Registrar of Vital Statistics	Blanket	National Casualty Company
Danette Dyer	Treasurer and Chief Financial Officer	\$ 10,000	Selective Insurance Company of America
Regina McKenna	Tax Collector	150,000	Selective Insurance Company of America
Laura Moore	Court Administrator	Blanket	National Casualty Company
April McGarity	Deputy Court Administrator	15,000	Selective Insurance Company of America
Ben Murdoch	Tax Assessor and Variance Search Officer	Blanket	National Casualty Company
J. Edward Palmer	Magistrate	10,000	Selective Insurance Company of America
Mark Peck	Attorney		

Employees of the Town of Hackettstown were covered by a Public Employees Faithful Performance Blanket Position Bond issued by the National Casualty Company in the amount of \$6,000,000.00.

All of the bonds issued by Selective Insurance Company were examined and appeared to be properly executed.

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
CURRENT FUND

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 7,703,250.21
Increased by Receipts:		
Tax Collector Account		\$ 28,361,363.33
Revenue Accounts Receivable		1,224,979.45
Miscellaneous Revenue Not Anticipated		132,821.39
Due to Federal and State Grant Fund:		
Unappropriated Reserves		50,163.79
Federal and State Grants Receivable		21,767.60
State of New Jersey Veterans' and Senior Citizens' Deductions		79,153.43
Prepaid Licenses		2,585.00
Due from State of N.J.:		
Construction Code Fees		6,729.00
Marriage License Fees		1,375.00
Burial Permits		20.00
Due General Capital Fund:		
Appropriated Revenue - Reserve to Pay Debt Service		236,387.83
Interest Earned		1,270.04
Due Animal Control Fund:		
Interest Earned		13.30
Due Other Trust Fund:		
Interest Earned		207.01
FEMA Due Snow Removal Trust		30,915.12
Reserve for Purchase of Pedestrian Signs		2,370.00
Appropriation Refunds		62,594.69
		<u>30,214,715.98</u>
		37,917,966.19
Decreased by Disbursements:		
2013 Appropriation Expenditures		7,426,888.83
2012 Appropriation Reserve Expenditures		269,622.43
Accounts Payable		6,369.81
Local School District Taxes		14,686,350.00
County Taxes		6,601,633.61
Tax Overpayments Refunded		4,169.68
Third Party Liens Redeemed		220,182.03
Tax Sale Premiums Refunded		57,100.00
Due Hackettstown Municipal Utilities Authority		13,404.54
Due to State of New Jersey:		
Construction Code Fees		6,544.00
Marriage License Fees		1,225.00
Burial Permit Fees		25.00
Due from Federal and State Grant Fund:		
Appropriated Reserves		73,172.89
Due Snow Removal Trust		30,915.12
Refund of Prior Year Revenue		3,984.39
Reserve for Tax Appeals		36,529.44
		<u>29,438,116.77</u>
Balance December 31, 2013	A	<u>\$ 8,479,849.42</u>

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:

Taxes Receivable	\$ 27,639,716.64	
2014 Prepaid Taxes	153,249.92	
Interest and Costs on Taxes	136,491.82	
Tax Sale Premium	167,600.00	
Tax Overpayments	4,169.68	
Third Party Liens Redemption	245,768.73	
Tax Sale Municipal Utility Authority Fees	13,126.54	
Miscellaneous	1,240.00	
	<u>1,240.00</u>	<u>\$ 28,361,363.33</u>

Decreased by:

Payments to Treasurer		<u>\$ 28,361,363.33</u>
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TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 94,890.45
Increased by:		
2013 Taxes Transferred		<u>22,198.72</u>
Balance December 31, 2013	A	<u>\$ 117,089.17</u>

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in 2013	Collected by Tax Collector	Collected by Treasurer	Balance Dec. 31, 2013
Clerk:					
Alcoholic Beverage License		\$ 7,479.00		\$ 7,479.00	
Other Licenses		6,470.00		6,470.00	
Fees and Permits		73,843.00		73,843.00	
Construction Code Official:					
Building Fees		100,242.00		100,242.00	
Electric Fees		28,092.00		28,092.00	
Fire Fees		13,742.00		13,742.00	
Municipal Court	\$ 13,294.05	195,286.43		197,441.12	\$ 11,139.36
Interest and Costs on Taxes		136,491.82	\$ 136,491.82		
Interest Earned on Investments and Deposits		12,700.04		12,700.04	
Energy Receipts Tax		644,716.24		644,716.24	
Consolidated Municipal Property Tax Relief Aid		75,871.00		75,871.00	
Rental Inspection Fee		17,225.00		17,225.00	
Uniform Fire Safety Act		49,878.05		49,878.05	
	\$ 13,294.05	\$ 1,362,036.58	\$ 136,491.82	\$ 1,227,699.45	\$ 11,139.36
<u>Ref.</u>	A		Cash Received	\$ 1,224,979.45	A
			Prepaid Licenses Applied	2,720.00	
				\$ 1,227,699.45	

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance Dec. 31, 2012	Balance After Modi- fication	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 6,215.61	\$ 6,215.61		\$ 6,215.61
Other Expenses	7,044.02	7,044.02	\$ 1,138.46	5,905.56
Mayor and Council:				
Salaries and Wages	1,553.00	1,553.00		1,553.00
Other Expenses	1,317.00	1,317.00		1,317.00
Municipal Clerk:				
Salaries and Wages	1,118.86	1,118.86		1,118.86
Other Expenses	10,099.10	10,099.10	5,624.61	4,474.49
Financial Administration:				
Salaries and Wages	10.66	10.66		10.66
Other Expenses	3,729.00	3,729.00	1,481.56	2,247.44
Auditing Services:				
Other Expenses	10,230.00	10,230.00	10,230.00	
Computerized Data Processing:				
Other Expenses	3,612.45	3,612.45	1,566.00	2,046.45
Collection of Taxes:				
Salaries and Wages	324.80	324.80		324.80
Other Expenses	2,215.19	2,215.19	38.70	2,176.49
Assessment of Taxes:				
Salaries and Wages	6,816.66	6,816.66		6,816.66
Other Expenses:				
Miscellaneous Other Expenses	2,100.27	2,100.27	475.15	1,625.12
Tax Map Revision	500.00	500.00		500.00
Appraisals	15,000.00	15,000.00		15,000.00
Legal Services and Costs:				
Other Expenses	39,264.25	39,264.25	1,869.67	37,394.58
Engineering Services and Costs:				
Other Expenses	13,941.25	13,941.25	472.50	13,468.75
Economic and Industrial Development Commission:				
Other Expenses	4,710.00	4,710.00		4,710.00
Historical Preservation:				
Salaries and Wages	121.37	121.37		121.37
Other Expenses	229.60	229.60	77.01	152.59
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	518.02	518.02		518.02
Other Expenses	848.51	848.51	73.36	775.15
Board of Adjustment:				
Salaries and Wages	584.98	584.98		584.98
Other Expenses	1,641.46	1,641.46	100.35	1,541.11
Flood Plain Administrator	3,000.00	3,000.00		3,000.00
Insurance:				
Other Insurance Premiums	1.36	1.36		1.36
Group Insurance Plans for Employees	194,045.31	194,045.31	113,113.92	80,931.39

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	\$ 155,946.65	\$ 155,946.65	\$ 7,073.45	\$ 148,873.20
Other Expenses	48,409.80	48,409.80	30,976.26	17,433.54
Vehicle Maintenance:				
Other Expenses	10,506.46	10,506.46	418.54	10,087.92
Emergency Management Services:				
Salaries and Wages	797.00	797.00		797.00
Other Expenses	399.47	399.47	76.14	323.33
Fire:				
Salaries and Wages	960.00	960.00		960.00
Other Expenses	38,256.29	38,256.29	23,743.89	14,512.40
Fire Prevention:				
Salaries and Wages	1,524.36	1,524.36		1,524.36
Other Expenses	782.48	782.48	563.14	219.34
Municipal Prosecutor:				
Salaries and Wages	2,323.12	2,323.12		2,323.12
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	78,175.46	78,175.46	3,283.35	74,892.11
Other Expenses	126,673.66	126,673.66	42,898.73	83,774.93
Shade Tree Commission:				
Other Expenses	1,000.00	1,000.00	1,000.00	
Buildings and Grounds:				
Salaries and Wages	3,963.48	3,963.48		3,963.48
Other Expenses	12,137.80	12,137.80	6,290.02	5,847.78
Vehicle Maintenance:				
Other Expenses	7,040.53	7,040.53	655.46	6,385.07
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Board of Health:				
Salaries and Wages	1,117.75	1,117.75		1,117.75
Other Expenses	771.97	771.97	373.95	398.02
Animal Control:				
Other Expenses	289.96	289.96		289.96
Senior Center Coordinator:				
Other Expenses	1,012.00	1,012.00		1,012.00
PARKS AND RECREATION FUNCTIONS:				
Board of Recreation Commissioners:				
Salaries and Wages	8,382.41	8,382.41		8,382.41
Other Expenses	14,891.26	14,891.26	12,893.65	1,997.61
OTHER COMMON OPERATING FUNCTIONS:				
Celebration of Public Events:				
Other Expenses	6,481.01	6,481.01		6,481.01
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	38,752.24	38,752.24		38,752.24
Other Expenses	5,655.40	5,655.40		5,655.40
Zoning Official:				
Other Expenses	1,041.04	1,041.04	38.59	1,002.45

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	\$ 23,159.37	\$ 23,159.37	\$ 2,695.12	\$ 20,464.25
Street Lighting	8,758.19	8,758.19		8,758.19
Telephone	1,884.21	1,884.21	598.65	1,285.56
Heating Oil	18,840.54	18,840.54		18,840.54
Gasoline and Diesel	30,000.00	30,000.00		30,000.00
Municipal Services Act	749.79	749.79		749.79
Municipal Court:				
Salaries and Wages	14,028.05	14,028.05		14,028.05
Other Expenses	1,594.93	1,594.93	1,199.83	395.10
Court Officer:				
Salaries and Wages	1,716.86	1,716.86		1,716.86
Public Defender (P.L. 1997, C. 256):				
Salaries and Wages	1,364.61	1,364.61		1,364.61
Rental Property Inspections:				
Salaries and Wages	1,650.87	1,650.87		1,650.87
Other Expenses	500.00	500.00		500.00
COAH:				
Salaries and Wages	140.00	140.00		140.00
Contingent	1,500.00	1,500.00	572.00	928.00
STATUTORY EXPENDITURES:				
Contribution to:				
Social Security System (O.A.S.I.)	60,324.81	60,324.81		60,324.81
Defined Contribution Retirement Plan	561.50	561.50	44.85	516.65
Maintenance of Free Public Library:				
Other Expenses	9,814.70	9,814.70	9,814.70	
Stormwater Management:				
Other Expenses	1,891.60	1,891.60		1,891.60
	<u>\$ 1,076,564.36</u>	<u>\$ 1,076,564.36</u>	<u>\$ 281,471.61</u>	<u>\$ 795,092.75</u>
<u>Analysis of Balance December 31, 2012:</u>				
		<u>Ref.</u>		
Unencumbered	A	\$ 792,387.62		
Encumbered	A	284,176.74		
		<u>\$ 1,076,564.36</u>		
			Cash Disbursed	\$ 269,622.43
			Accounts Payable	11,849.18
				<u>\$ 281,471.61</u>

TOWN OF HACKETTSTOWN
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012:		
Local School Tax Payable	A	\$ 2,942,291.04
Local School Tax Deferred		4,249,428.00
		7,191,719.04
Increased by:		
Levy - School Year July 1, 2013 through June 30, 2014		14,809,950.00
		22,001,669.04
Decreased by:		
Payments to Local School District		14,686,350.00
		\$ 7,315,319.04
Balance December 31, 2013:		
Local School Tax Payable	A	1,039,745.80
Local School Tax Deferred		6,275,573.24
		\$ 7,315,319.04
<u>Analysis of Increase - Deferred School Tax:</u>		
Balance December 31, 2013		\$ 6,275,573.24
Balance December 31, 2012		4,249,428.00
Net Increase Credited to Operations		\$ 2,026,145.24

TOWN OF HACKETTSTOWN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2012	2013 Budget Revenue Realized	Cash Receipts	Transferred From Unappropriated Reserves	Balance Cancelled	Balance Dec. 31, 2013
Municipal Alliance Program - 2013		\$ 7,990.00	\$ 3,369.20			\$ 4,620.80
Municipal Alliance Program - 2012	\$ 5,598.40		5,598.40			
Alcohol Education and Rehabilitation		2,644.19		\$ 2,644.19		
Emergency Management Grant		5,000.00		5,000.00		
Bulletproof Vest Grant		1,391.50		1,391.50		
Clean Communities - 2013		16,784.40		16,784.40		
Clean Communities	284.76				\$ 284.76	
Click it or Ticket Grant		4,000.00	4,000.00			
Recycling Tonnage Grant		12,684.34		12,684.34		
Drive Sober or Get Pulled Over		4,400.00	4,400.00			
Drive Sober or Get Pulled Over Holiday	4,400.00	4,400.00	4,400.00			4,400.00
Body Armor Grant		1,901.05		1,901.05		
Highlands Plan Conformance Grant	94,490.78					94,490.78
Highlands Response Review Grant	7,500.00					7,500.00
Highlands TDR Feasibility	25,000.00					25,000.00
Pedestrian Safety Grant		12,000.00				12,000.00
Parking Authority Parking Project		50,000.00			50,000.00	
Atlantic Health Traffic Grant		500.00		500.00		
Dare Program Donation		75.00		75.00		
	<u>\$ 137,273.94</u>	<u>\$ 123,770.48</u>	<u>\$ 21,767.60</u>	<u>\$ 40,980.48</u>	<u>\$ 50,284.76</u>	<u>\$ 148,011.58</u>

Ref.

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TOWN OF HACKETTSTOWN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2012	Encumbrances Returned	Transferred from 2013 Budget	Cash Disbursed	Unexpended Balance Cancelled	Encumbrances Payable	Balance Dec. 31, 2013
Drunk Driving Enforcement Fund - 2010	\$ 6,947.27			\$ 3,111.74			\$ 3,835.53
Drunk Driving Enforcement Fund - 2009	1,051.30			1,051.30			
Recycling Tonnage Grant - 2013			\$ 12,684.34				12,684.34
Recycling Tonnage Grant - 2012	15,539.66						15,539.66
Recycling Tonnage Grant - 2011	14,145.96			13,067.15		\$ 1,000.00	78.81
Recycling Tonnage Grant - 2010	1,561.46	\$ 7,144.50		8,705.96			
Municipal Alliance Grant:							
Reserve for Municipal Alliance Grant	200.00						200.00
State - 2013			7,990.00	5,415.19		608.11	1,966.70
State - 2012		1,507.31		1,507.31			
State - 2010	745.85						745.85
Matching - 2013			2,994.00	2,215.61			778.39
Matching - 2012		542.10		542.10			
Clean Communities Grant - 2013			16,784.40				16,784.40
Clean Communities Grant - 2012	8,761.42			7,995.72		564.00	201.70
Clean Communities Grant - 2011		1,567.50		1,567.50			
Body Armor Replacement Grant			1,901.05			1,901.05	
Body Armor Replacement Grant	1,985.26			1,616.60		368.66	
Bulletproof Vest Program Grant			1,391.50			411.84	979.66
Emergency Management Grant			5,000.00	1,647.24			3,352.76
Emergency Management Assistance Fund	781.74	603.49		1,325.51		59.72	
Alcohol Education and Rehabilitation			2,644.19				2,644.19
Warren County OEM Program	9,813.63					2,935.62	6,878.01
Warren County- Stormwater Grant	752.50						752.50
Comcast Local Access	30,924.62						30,924.62
Pedestrian Safety Grant			12,000.00	3,800.00			8,200.00
Click it or Ticket			4,000.00	4,000.00			
Highlands Plan Conformance Grant	58,686.09	35,640.74		4,725.00		30,915.74	58,686.09
Highlands Response Review Grant		1,386.36				1,386.36	
Highlands TDR Feasibility	15,000.00	4,983.75				4,983.75	15,000.00
Walmart Community Grant	371.53			368.46		3.07	
State of New Jersey Forestry Volunteer Fire							
Assistance Grant	2,500.00			1,194.00		1,306.00	
Parking Authority - Parking Project			50,000.00		\$ 50,000.00		
Drive Sober or Get Pulled Over			4,400.00	4,400.00			
Drive Sober or Get Pulled Over Holiday - 2013			4,400.00				4,400.00
Drive Sober or Get Pulled Over Holiday - 2012	4,400.00			4,400.00			
Drug Free School Zone	1.60			1.60			
Atlantic Health Safe Kids Grant	14.90			14.90			
Atlantic Health Traffic Grant			500.00	500.00			
DARE Program Donation	242.08		75.00			317.08	
	<u>\$ 174,426.87</u>	<u>\$ 53,375.75</u>	<u>\$ 126,764.48</u>	<u>\$ 73,172.89</u>	<u>\$ 50,000.00</u>	<u>\$ 46,761.00</u>	<u>\$ 184,633.21</u>

Ref.

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2013 Budget Appropriations	\$ 123,770.48
Local Match	2,994.00
<u>2013 Budget Appropriations</u>	<u>\$ 126,764.48</u>

TOWN OF HACKETTSTOWN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2012	Cash Receipts	Transfer to 2013 Budget Revenue	Balance Dec. 31, 2013
Clean Communities		\$ 16,784.40	\$ 16,784.40	
Recycling Tonnage Grant	\$ 12,684.34	8,168.95	12,684.34	\$ 8,168.95
Body Armor Grant	1,901.05	2,554.97	1,901.05	2,554.97
Drunk Driving Enforcement Fund		19,926.96		19,926.96
Emergency Management Assistance	5,000.00		5,000.00	
Alcohol Education Rehabilitation Enforcement Fund	2,644.19	1,952.66	2,644.19	1,952.66
Department of Justice Bulletproof Vest Program	1,391.50	775.85	1,391.50	775.85
Atlantic Health Grant	500.00		500.00	
Dare Program Donation	75.00		75.00	
	<u>\$ 24,196.08</u>	<u>\$ 50,163.79</u>	<u>\$ 40,980.48</u>	<u>\$ 33,379.39</u>

Ref.

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TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
TRUST FUNDS

TOWN OF HACKETTSTOWN
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Animal Control Fund</u>	<u>Recreation Trust Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2012	B	\$ 7,057.92	\$ 246,965.55	\$ 316,178.77
Increased by Receipts:				
Municipal Licensing Fees		\$ 3,648.00		
Late Fees		846.00		
Due State Board of Health		1,245.00		
State Unemployment Insurance				\$ 20,942.34
Due Current Fund:				
Interest Earned		12.50		211.73
Parking Offenses Adjudication Act Deposits				512.00
COAH Trust Interest Income				7.55
Snow Removal				30,915.12
Escrow Deposits				411,936.56
Recycling Trust Fund				3,051.41
Business Improvement District Trust Fund				182,788.96
Police Outside Duty				90,343.58
Fire Prevention				3,125.00
Fire Department Penalty Account				2,625.00
Recreation Trust Fund			\$ 11,373.08	
Pool Trust			250,971.83	
		<u>5,751.50</u>	<u>262,344.91</u>	<u>746,459.25</u>
		12,809.42	509,310.46	1,062,638.02
Decreased by Disbursements:				
Due to Current Fund:				
Interest Earned		13.30		207.01
State Unemployment Insurance Expenditures				3,420.74
Expenditures under R.S. 4:19 - 15.11		5,667.18		
Parking Offenses Adjudication Act Expenditures				1,156.00
Escrow Deposit Expenditures				268,463.31
Business Improvement District Trust Fund Expenditures				184,231.09
Police Outside Duty				90,587.58
Fire Prevention				2,534.90
Fire Department Penalty Account				1,699.00
Recreation Trust Fund Expenditures			4,615.20	
Pool Trust			239,173.86	
Due to State Board of Health		<u>1,246.20</u>		
		<u>6,926.68</u>	<u>243,789.06</u>	<u>552,299.63</u>
Balance December 31, 2013	B	<u>\$ 5,882.74</u>	<u>\$ 265,521.40</u>	<u>\$ 510,338.39</u>

TOWN OF HACKETTSTOWN
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 7,055.07
Increased by:		
2013 Dog License Fees Collected		\$ 3,648.00
Late Fees		846.00
		4,494.00
		11,549.07
Decreased by:		
Expenditures under R.S.4:19-15.11:		5,667.18
Balance December 31, 2013	B	\$ 5,881.89

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 4,051.20
2011	4,128.00
	8,179.20
Maximum Allowable Reserve	\$ 8,179.20

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 739,893.43
Increased by Receipts:		
Budget Appropriation - Capital Improvement Fund		\$ 50,000.00
Bond Anticipation Notes Issued		2,200,740.00
Due Current Fund:		
Interest Earned		1,195.23
Deferred Charges to Future Taxation - Unfunded		236,387.83
Reserve to Pay Debt Service - Grant Receipts for Funded Ordinances		124,071.33
Bond Anticipation Note Principal		828,993.52
		3,441,387.91
		4,181,281.34
Decreased by Disbursements:		
Improvement Authorization Expenditures		396,600.69
Bond Anticipation Notes Matured		3,112,565.00
Due Current Fund:		
Anticipated Revenue - Reserve to Pay Debt Service		236,387.83
Interest Earned		1,270.04
		3,746,823.56
Balance December 31, 2013	C	\$ 434,457.78

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/(Deficit) December 31, 2012	Receipts		Disbursements			Transfers		Balance/(Deficit) December 31, 2013	
		Bond	Miscellaneous	Improvement Authorizations	Bond	Miscellaneous	From	To		
		Anticipation Notes			Anticipation Notes					
Fund Balance	\$ 11,080.05							\$ 100,010.73	\$ 111,090.78	
Capital Improvement Fund	89,837.96		\$ 50,000.00			\$ 44,575.00		8,621.05	103,884.01	
Due Current Fund	158.63		237,583.06						83.82	
Reserve for:										
Encumbrances	44,355.79					44,355.79		44,466.42	44,466.42	
Payment of Debt Service	236,387.83		124,071.33			236,387.83			124,071.33	
Ordinance										
<u> Date</u>										
99-07	Various Improvements	30,377.04					30,377.04			
00-08	Various Improvements	12,695.14					12,695.14			
02-02	Various Improvements	20,008.04					20,008.04			
03-10	Various Improvements	30,994.59					30,994.59			
04-05	Various Improvements	20,836.94		309,522.06		\$ 330,359.00				
05-02,10	Various Improvements	61,531.50		158,668.50		220,200.00				
06-11	Various Improvements	50,582.06		227,617.94		278,200.00				
08-2,9	Warren Street, Countryside Drive & Countryside Lane Improvements	6,396.69	\$ 249,853.31	51,250.00		307,500.00				
08-11	Various Improvements	5,935.92		44,170.00		44,170.00		5,935.92		
09-09	Various Improvements	31,326.90	109,778.44	33,364.57		195,051.00		20,581.09		
09-15;11-13	Main Street Sidewalk Improvement	86,766.58	1,123,545.16		\$ 7,774.28	1,281,235.00	6,829.42	171,975.63	86,448.67	
10-07	Acquisition of Fire Truck	7,216.79	71,983.21	4,400.00		83,600.00				
11-04	Valentine Street	49,833.12	147,166.43	0.45		234,500.00		37,500.00		
11-07	Acquisition of Dump Truck	2,719.65	135,030.35			137,750.00				
12-06;13-05	Various Improvements	(87,202.80)	363,383.10		264,889.90			48,611.90	59,902.30	
12-08	Improvements to Police Locker Room	24,927.56			19,612.86		5,314.70			
12-10	Replacement of Heating System	3,127.45			2,700.00		3,127.45	2,700.00		
13-06	Fuel Management System				13,021.10		178.90	13,200.00		
13-07	Various Improvements				74,871.99		37,637.00	13,250.00	(99,258.99)	
13-13	Kenwood Sidewalks				13,730.56			17,500.00	3,769.44	
		<u>\$ 739,893.43</u>	<u>\$ 2,200,740.00</u>	<u>\$ 1,240,647.91</u>	<u>\$ 396,600.69</u>	<u>\$ 3,112,565.00</u>	<u>\$ 237,657.87</u>	<u>\$ 478,416.82</u>	<u>\$ 478,416.82</u>	<u>\$ 434,457.78</u>

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Improvement Authorizations Cancelled	Reserve to Pay Debt Service	Paid by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance December 31, 2013		
								Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
04-05	Various Improvements	\$ 330,359.00		\$ 20,836.94		\$ 309,522.06				
05-02;05-10;8-11	Various Improvements	264,370.00		61,531.50		202,838.50				
06-11	Various Improvements	278,200.00		50,582.06		227,617.94				
08-02;08-09	Warren Street, Countryside Drive and Countryside Lane Improvements	307,500.00		6,396.69		51,250.00	\$ 249,853.31		\$ 249,853.31	
09-09	Various Improvements	195,051.00		31,326.90	\$ 20,581.09	33,364.57	109,778.44		109,778.44	
09-15;10-03;11-06	Main Street Sidewalk Improvement	1,281,235.00			157,689.84		1,123,545.16		1,123,545.16	
10-07	Acquisition of Fire Truck	83,600.00		7,216.79		4,400.00	71,983.21		71,983.21	
11-04	Valentine Street	234,500.00		49,833.12	37,500.00	0.45	147,166.43		147,166.43	
11-07	Acquisition of Dump Truck	137,750.00		2,719.65			135,030.35		135,030.35	
12-06;13-05	Various Improvements	384,000.00	\$ 11,875.00				395,875.00		363,383.10	\$ 32,491.90
13-07	Various Improvements		251,750.00		20,616.90		231,133.10	\$ 99,258.99		131,874.11
		<u>\$ 3,496,565.00</u>	<u>\$ 263,625.00</u>	<u>\$ 230,443.65</u>	<u>\$ 236,387.83</u>	<u>\$ 828,993.52</u>	<u>\$ 2,464,365.00</u>	<u>\$ 99,258.99</u>	<u>\$ 2,200,740.00</u>	<u>\$ 164,366.01</u>
<u>Ref.</u>		C					C			
						Improvement Authorizations Unfunded				\$ 310,716.98
						Less: Unexpended Proceeds of Bond Anticipation Notes Issued:				
						Ordinance 09-15,10-03		\$ 86,448.67		
						Ordinance 12-06		59,902.30		
										146,350.97
										<u>\$ 164,366.01</u>

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Amount	Balance December 31, 2012		2013 Authorizations		Encumbrances Returned	Paid or Charged	Cancelled	Balance December 31, 2013	
	Number	Date		Funded	Unfunded	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund				Funded	Unfunded
Various Improvements	99-07	06/14/99	\$ 624,800.00	\$ 30,377.04						\$ 30,377.04		
Various Improvements	00-08	05/22/00	661,500.00	12,695.14						12,695.14		
Various Improvements	02-02	04/22/02	750,000.00	20,008.04						20,008.04		
Various Improvements	03-10	04/28/03	775,000.00	30,994.59						30,994.59		
Various Improvements	04-05	03/22/04	1,301,400.00		\$ 20,836.94					20,836.94		
Various Improvements	05-02, 05-10	06/27/05	811,825.00		61,531.50					61,531.50		
Various Improvements	06-11	04/10/06	688,150.00		50,582.06					50,582.06		
Water Street, Countryside Drive and Countryside Lane Improvements	08-02, 08-09	06/27/08	498,000.00		6,396.69					6,396.69		
Various Improvements	08-11	06/27/08	66,000.00		5,935.92					5,935.92		
Various Improvements	09-09	06/08/09	259,000.00		31,326.90					31,326.90		
Main Street Sidewalk Improvement	09-15, 11-13	09/28/09	2,136,725.00		86,766.58			\$ 14,285.79	\$ 14,603.70			\$ 86,448.67
Acquisition of Fire Truck	10-07	06/28/10	88,000.00		7,216.79					7,216.79		
Valentine Street	11-04	03/28/11	366,000.00		49,833.12					49,833.12		
Acquisition of Dump Truck	11-07	05/26/11	145,000.00		2,719.65					2,719.65		
Various Improvements	12-06, 13-05	05/10/12	416,800.00		296,797.20	\$ 11,875.00	\$ 625.00	27,370.00	264,889.90			71,777.30
Improvements to Police Locker Room	12-08	10/11/12	25,000.00	24,927.56					19,612.86	5,314.70		
Replacement of Heating System	12-10	12/13/12	13,000.00	3,127.45				2,700.00	2,700.00	3,127.45		
Fuel Management System	13-06	05/09/13	13,200.00				13,200.00		13,021.10	178.90		
Various Improvements	13-07	06/11/13	265,000.00			251,750.00	13,250.00		112,508.99			152,491.01
Kenwood Sidewalks	13-13	08/08/13	17,500.00				17,500.00		13,730.56		\$ 3,769.44	
			<u>\$ 122,129.82</u>	<u>\$ 619,943.35</u>	<u>\$ 263,625.00</u>	<u>\$ 44,575.00</u>	<u>\$ 44,355.79</u>	<u>\$ 44,355.79</u>	<u>\$ 441,067.11</u>	<u>\$ 339,075.43</u>	<u>\$ 3,769.44</u>	<u>\$ 310,716.98</u>

Ref.	C	C		Ref.	C	C
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	Cash Disbursed	\$ 396,600.69
	Current Year Encumbrances	44,466.42
		<u>\$ 441,067.11</u>

	Cancelled to Capital Improvement Fund	\$ 8,621.05
	Cancelled to Fund Balance	100,010.73
	Cancelled Deferred Charges to Future Taxation Unfunded	230,443.65
		<u>\$ 339,075.43</u>

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 89,837.96
Increased By:		
Budget Appropriation		\$ 50,000.00
Improvement Authorizations Cancelled		<u>8,621.05</u>
		<u>58,621.05</u>
Decreased By:		<u>148,459.01</u>
Appropriation to Finance		
Improvement Authorizations		<u>44,575.00</u>
Balance December 31, 2013	C	<u>\$ 103,884.01</u>

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2012	Issued	Matured	Balance Dec. 31, 2013
		Original Issue	Issue	Maturity					
04-05	Various Improvements	09/30/04	09/11/12	09/17/13	0.93%	\$ 330,359.00		\$ 330,359.00	
05-02	Various Improvements	07/07/05	05/08/12	05/16/13	0.95%	220,200.00		220,200.00	
05-10	Various Improvements	06/27/08	05/08/12	05/16/13	0.95%	44,170.00		44,170.00	
06-11	Various Improvements	07/06/06	05/08/12	05/16/13	0.95%	278,200.00		278,200.00	
08-02	Improvements to Warren Street	06/05/08	05/08/12	05/16/13	0.95%	307,500.00		307,500.00	
		06/05/08	05/15/13	05/14/14	0.76%		\$ 249,853.31		\$ 249,853.31
09-09	Various Improvements	09/25/09	09/11/12	09/17/13	0.93%	195,051.00		195,051.00	
		09/25/09	09/17/13	09/16/14	0.99%		109,778.44		109,778.44
09-15	Main Street Sidewalk Project	06/02/10	05/08/12	05/16/13	0.95%	789,235.00		789,235.00	
		06/02/10	05/15/13	05/14/14	0.76%		631,545.16		631,545.16
10-03	Main Street Sidewalk Improvement	05/24/11	05/08/12	05/16/13	0.95%	57,000.00		57,000.00	
		05/24/11	05/15/13	05/14/14	0.76%		57,000.00		57,000.00
11-06	Main Street Sidewalk Improvement	09/13/11	09/11/12	09/17/13	0.93%	435,000.00		435,000.00	
		09/13/11	09/17/13	09/16/14	0.99%		435,000.00		435,000.00

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2012	Issued	Matured	Balance Dec. 31, 2013
		Original Issue	Issue	Maturity					
10-07	Acquisition of Fire Truck	09/14/10	09/11/12	09/17/13	0.93%	\$ 83,600.00	\$ 71,983.21	\$ 83,600.00	\$ 71,983.21
		09/14/10	09/17/13	09/16/14	0.99%				
11-04	Valentine Street	05/24/11	05/08/12	05/16/13	0.95%	234,500.00	147,166.43	234,500.00	147,166.43
		05/24/11	05/15/13	05/14/14	0.76%				
11-07	Acquisition of Dump Truck	09/13/11	09/11/12	09/17/13	0.93%	137,750.00	135,030.35	137,750.00	135,030.35
		09/13/11	09/17/13	09/16/14	0.99%				
12-06	Various Capital Improvements	05/15/13	05/15/13	05/14/14	0.76%		363,383.10		363,383.10
						<u>\$ 3,112,565.00</u>	<u>\$ 2,200,740.00</u>	<u>\$ 3,112,565.00</u>	<u>\$ 2,200,740.00</u>
<u>Ref</u>						C			C
						New Issue	\$ 363,383.10		
						Paid by Budget Appropriation		\$ 828,993.52	
						Paid by Budget Appropriations - Deferred Charges to Future Taxation - Unfunded		236,387.83	
						Cancellation of Improvement Authorizations		209,826.75	
						Renewals	<u>1,837,356.90</u>	<u>1,837,356.90</u>	
							<u>\$ 2,200,740.00</u>	<u>\$ 3,112,565.00</u>	

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 338,526.60
Decreased by:		
Loan Repayments		28,504.78
Balance December 31, 2013	C	\$ 310,021.82

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2013

Green Acres Loan #1

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Interest Amount</u>	<u>Principal Amount</u>
19	05/16/14	2.00%	\$ 2,345.17	\$ 10,091.46
20	11/16/14	2.00%	2,244.26	10,192.38
21	05/16/15	2.00%	2,142.34	10,294.30
22	11/16/15	2.00%	2,039.39	10,397.24
23	05/16/16	2.00%	1,935.42	10,501.22
24	11/16/16	2.00%	1,830.41	10,606.23
25	05/16/17	2.00%	1,724.35	10,712.29
26	11/16/17	2.00%	1,617.22	10,819.41
27	05/16/18	2.00%	1,509.03	10,927.61
28	11/16/18	2.00%	1,399.75	11,036.88
29	05/16/19	2.00%	1,289.38	11,147.25
30	11/16/19	2.00%	1,177.91	11,258.73
31	05/16/20	2.00%	1,065.32	11,371.31
32	11/16/20	2.00%	951.61	11,485.03
33	05/16/21	2.00%	836.76	11,599.88
34	11/16/21	2.00%	720.76	11,715.88
35	05/16/22	2.00%	603.60	11,833.03
36	11/16/22	2.00%	485.27	11,951.36
37	05/16/23	2.00%	365.75	12,070.88
38	11/16/23	2.00%	245.05	12,191.59
39	05/16/24	2.00%	123.14	12,313.50
			\$ 26,651.89	\$ 234,517.46

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2013

Green Acres Loan #2

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Interest Amount</u>	<u>Principal Amount</u>
24	03/21/14	2.00%	\$ 755.04	\$ 4,375.07
25	09/21/14	2.00%	711.29	4,418.82
26	03/21/15	2.00%	667.10	4,463.01
27	09/21/15	2.00%	622.47	4,507.64
28	03/21/16	2.00%	577.40	4,552.71
29	09/21/16	2.00%	531.87	4,598.24
30	03/21/17	2.00%	485.89	4,644.22
31	09/21/17	2.00%	439.45	4,690.67
32	03/21/18	2.00%	392.54	4,737.57
33	09/21/18	2.00%	345.16	4,784.95
34	03/21/19	2.00%	297.31	4,832.80
35	09/21/19	2.00%	248.99	4,881.13
36	03/21/20	2.00%	200.18	4,929.94
37	09/21/20	2.00%	150.88	4,979.24
38	03/21/21	2.00%	101.08	5,029.03
39	09/21/21	2.00%	50.79	5,079.32
			<u>\$ 6,577.44</u>	<u>\$ 75,504.36</u>

TOWN OF HACKETTSTOWN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>2013</u>	<u>Bond</u>	<u>Ordinance</u>	<u>Balance</u>
<u>Number</u>	<u>Date</u>		<u>December 31, 2012</u>	<u>Authorizations</u>	<u>Anticipation</u>	<u>Cancellation</u>	<u>December 31, 2013</u>
					<u>Notes Issued</u>		
12-06	05/10/12	Various Improvements	\$ 384,000.00	\$ 11,875.00	\$ 363,383.10	\$ 20,616.90	\$ 11,875.00
13-07	06/11/13	Various Improvements		251,750.00			251,750.00
			<u>\$ 384,000.00</u>	<u>\$ 263,625.00</u>	<u>\$ 363,383.10</u>	<u>\$ 20,616.90</u>	<u>\$ 263,625.00</u>

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
WATER UTILITY FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
SEWER UTILITY FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN
COUNTY OF WARREN
2013
PUBLIC ASSISTANCE FUND
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2013

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

Name of State Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Period		Grant Award Amount	Amount Received	Program Expenditures	Cumulative Expenditures	
				From	To					
U.S. Department of Homeland Security: (Pass Through New Jersey Department of Law and Public Safety)	Emergency Management Assistance	100-066-1200- 726-YOAG	97.042	1/1/2008	12/31/2014	\$ 2,500.00		\$ 1,325.51	\$ 2,440.28	
				1/1/2013	12/31/2014	5,000.00		1,647.24	1,647.24	
Total U.S. Department of Homeland Security								2,972.75	4,087.52	
U.S. Department of Justice	Bulletproof Vest Program	N/A	16.607	1/1/2013	12/31/2014	1,391.50				
				1/1/2013	12/31/2014	775.80	\$ 775.85			
Total U.S. Department of Justice								775.85		
U.S. Department of Transportation (Passed Through N.J. Department of Law and Public Safety)	Drive Sober or Get Pulled Over	N/A	20.601	1/1/2013	12/31/2013	4,400.00	4,400.00	4,400.00	4,400.00	
	Drive Sober or Get Pulled Over - Holiday 2012	N/A	20.601	1/1/2013	12/31/2013	4,400.00	4,400.00	4,400.00	4,400.00	
	Click it or Ticket	100-066-1160- 142-YHTS-6010	20.602	1/1/2013	12/31/2013	4,000.00	4,000.00	4,000.00	4,000.00	
Total U.S. Department of Transportation								12,800.00	12,800.00	12,800.00
Total Federal Awards								\$ 13,575.85	\$ 15,772.75	\$ 16,887.52

N/A - Not Available

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

TOWN OF HACKETTSTOWN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures	
				From	To				
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-VCMC 6020	\$ 14,537.53	1/1/2010	12/31/2013		\$ 1,567.50	\$ 14,537.53	
			14,580.54	1/1/2012	12/31/2014		7,995.72	13,814.84	
			16,784.40	1/1/2013	12/31/2014	\$ 16,784.40			
			45,902.47			16,784.40	9,563.22	28,352.37	
	Recycling Grant	752-042-4900-001-6020	16,635.68	1/1/2010	12/31/2013		8,705.96	16,635.68	
			14,145.96	1/1/2011	12/31/2014		13,067.15	13,067.15	
8,168.95			1/1/2013	12/31/2014	8,168.95				
			38,950.59			8,168.95	21,773.11	29,702.83	
NJ Division of Parks and Forestry	NJ Forestry Grant	4870-100-042-4870- 038-V42F-6120	2,500.00	1/1/2012	12/31/2013		1,194.00	1,194.00	
			2,500.00				1,194.00	1,194.00	
Total Department of Environmental Protection			87,353.06			24,953.35	32,530.33	59,249.20	
Department of Health and Senior Services	Alcohol Education Rehabilitation Enforcement Fund	760-098-9735 789-6010	1,952.66	1/1/2013	12/31/2014	1,952.66			
			1,952.66			1,952.66			
Total Department of Health and Human Services			1,952.66			1,952.66			
Department of Law and Public Safety: Division of Criminal Justice	Body Armor Grant Replacement	1020-718-066-YC5S	1,840.40	1/1/2010	12/31/2013		36.73	1,840.40	
			1,948.53	1/1/2011	12/31/2014		1,579.87	1,579.87	
			2,554.97	1/1/2013	12/31/2014	2,554.97			
			4,395.37			2,554.97	1,616.60	1,840.40	
	Drug Free School Zone	N/A	500.00	1/1/2010	12/31/2013		1.60	500.00	
			500.00				1.60	500.00	
	Drunk Driving Enforcement Fund Grant	4250-760-0500000-63	4,149.00	1/1/2009	12/31/2013		1,051.30	4,149.00	
			6,947.27	1/1/2010	12/31/2014		3,111.74	3,111.74	
			19,926.96	1/1/2013	12/31/2014	19,926.96			
			31,023.23			19,926.96	4,163.04	4,149.00	
	Division of Highway Traffic Safety	Pedestrian Safety Grant	N/A	12,000.00	1/1/2013	12/31/2014		3,800.00	3,800.00
				12,000.00				3,800.00	3,800.00
New Jersey Highlands Council	Highlands Conformance Grant	11-033-011-1420	97,000.00	1/1/2011	12/31/2014		4,725.00	7,398.17	
			97,000.00				4,725.00	7,398.17	
Department of the Treasury: (Passed through the County of Warren)	Municipal Alliance on Alcoholism and Drug Abuse	2000-475-995120-60	8,190.00	1/1/2012	12/31/2014	5,598.40	1,507.31	7,990.00	
			7,990.00	1/1/2013	12/31/2014	3,369.20	5,415.19	2,574.81	
			16,180.00			8,967.60	6,922.50	10,564.81	
						\$ 58,355.54	\$ 53,759.07	\$ 87,501.58	

N/A - Not Available

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

TOWN OF HACKETTSTOWN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

Note 1: GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Town of Hackettstown. The Town of Hackettstown is defined in Note 1 to the Town's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4: GREEN ACRES LOANS PAYABLE

At December 31, 2013, the Town has two Green Acres Loans Payable totaling \$310,021.82 which are recorded in the General Capital Fund

Currently the Town is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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 11 Lawrence Road
 Newton, NJ 07860
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Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

The Honorable Mayor and Members
 of the Town Council
 Town of Hackettstown, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Town of Hackettstown, in the County of Warren (the "Town") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated March 14, 2014. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

The Honorable Mayor and Members
of the Town Council
Town of Hackettstown
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
March 14, 2014

NISIVOCIA LLP



William F. Schroeder
Certified Public Accountant
Registered Municipal Accountant No. 452

TOWN OF HACKETTSTOWN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Town prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 for the year ended December 31, 2013 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWN OF HACKETTSTOWN
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Status of Prior Year Findings:

There were no findings in the prior year audit report.

TOWN OF HACKETTSTOWN

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

TOWN OF HACKETTSTOWN
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

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

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

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

TOWN OF HACKETTSTOWN
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Collection of Interest on Delinquent Taxes

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 1, 2013, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

From our testing of the Tax Collector's records, it appeared that interest was charged for delinquent tax payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 28, 2013, and was complete. Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2013	20
2012	20
2011	15

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 payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 Taxes	20
Payments of 2013 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3

TOWN OF HACKETTSTOWN
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

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

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

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

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

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Town's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2013:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Agency</u>	<u>Balance Dec. 31, 2012</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2013</u>
Municipal Treasurer:				
Fines and Costs	\$ 13,294.05	\$ 195,286.43	\$ 197,441.12	\$ 11,139.36
POAA	56.00	464.00	512.00	8.00
Restitution		1,040.14	730.90	309.24
County Treasurer:				
Fines and Costs	5,111.51	74,359.60	74,636.36	4,834.75
Weights and Measures	800.00	6,355.00	6,105.00	1,050.00
State Treasurer:				
Motor Vehicle Fines/Violations	11,254.44	142,305.85	144,525.14	9,035.15
Fish and Game		300.00	300.00	
Park and Forest		615.00	600.00	15.00
Conditional Discharge	175.00	2,782.00	2,650.00	307.00
Bail	1,125.00	87,432.44	87,557.44	1,000.00
	<u>\$ 31,816.00</u>	<u>\$ 510,940.46</u>	<u>\$ 515,057.96</u>	<u>\$ 27,698.50</u>

Status of Prior Year Recommendations:

There were no recommendations in the prior year.

TOWN OF HACKETTSTOWN
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None

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