

**TOWNSHIP OF MOUNT OLIVE**  
**MORRIS COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2013**

**TOWNSHIP OF MOUNT OLIVE**

**TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<b><u>PART I</u></b>		
	Independent Auditor's Report	1-3
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-11
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	12-17
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	18-19
B-1	Statement of Revenues – Regulatory Basis – Open Space Trust Fund	20
B-2	Statement of Expenditures – Regulatory Basis – Open Space Trust Fund	20
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	21
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis General Capital Fund	22
C-2	Statement of General Capital Cash	23
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Fund	24-25
D-1	Comparative Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis – Water Utility Operating Fund	26
D-2	Statement of Revenues – Regulatory Basis - Water Utility Operating Fund	27
D-3	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	28
D-4	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Water Utility Capital Fund	29
E	Comparative Balance Sheets – Regulatory Basis – Sewer Utility Fund	30-31
E-1	Comparative Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis – Sewer Utility Operating Fund	32
E-2	Statement of Revenues – Regulatory Basis – Sewer Utility Operating Fund	33
E-3	Statement of Revenues – Regulatory Basis – Sewer Utility Assessment Trust Fund	33
E-4	Statement of Expenditures – Regulatory Basis – Sewer Utility Operating Fund	34
E-5	Statement of Expenditures – Regulatory Basis – Sewer Utility Assessment Trust Fund	35
E-6	Statement of Assessment Trust Fund – Fund Balance – Sewer Utility Assessment Trust Fund	35
F	Comparative Balance Sheets – Regulatory Basis – Solid Waste Collection District Fund	36
F-1	Comparative Statements of Operations and Change in Fund Balance – Regulatory Basis – Solid Waste Collection District Fund	37
F-2	Statement of Revenues – Regulatory Basis – Solid Waste Collection District Fund	38
F-3	Statement of Expenditures – Regulatory Basis – Solid Waste Collection District Fund	39
G	Comparative Balance Sheets – Regulatory Basis - Recreation Utility Fund	40
G-1	Comparative Statements of Operations and Change in Fund Balance – Regulatory Basis – Recreation Utility Fund	41
G-2	Statement of Revenues – Regulatory Basis – Recreation Utility Fund	42
G-3	Statement of Expenditures – Regulatory Basis – Recreation Utility Fund	43
H	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	44
	Notes to Financial Statements	45-80
<b><u>Current Fund</u></b>		
A-4	Statement of Current Cash - Treasurer	81
A-5	Statement of Cash – Change Funds	82
A-6	Statement of Due from the State of New Jersey for Senior Citizens' and Veterans' Deductions	82

# TOWNSHIP OF MOUNT OLIVE

## TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
	<b><u>Current Fund (Continued)</u></b>	
A-7	Statement of Taxes Receivable	83
A-8	Statement of Tax Title Liens Receivable	84
A-9	Statement of Property Acquired for Taxes (at Assessed Valuation)	84
A-10	Statement of Revenue Accounts Receivable	85
A-11	Statement of 2012 Appropriation Reserves	86-87
A-12	Statement of Encumbrances Payable – Current Fund	88
A-13	Statement of Encumbrances Payable – State and Federal Grants Fund	88
A-14	Statement of Fees Payable	88
A-15	Statement of Prepaid Taxes	89
A-16	Statement of Reserve for Outside Lienholders	89
A-17	Statement of County Taxes Payable	89
A-18	Statement of Local District School Taxes Payable	90
A-19	Statement of Miscellaneous Reserves and Deposits	90
A-20	Statement of Reserve for Tax Appeals	90
A-21	Statement of Open Space Preservation Taxes	91
A-22	Statement of Sanitation District Taxes	91
A-23	Statement of Tax Overpayments	91
A-24	Statement of Reserve for Appropriated Grants and Donations – Federal and State Grant Fund	92
A-25	Statement of Grants Receivable – Federal and State Grant Fund	93
	<b><u>Trust Fund</u></b>	
B-3	Statement of Trust Cash – Treasurer	94
B-4	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	95
B-5	Statement of Due to State of New Jersey – Animal Control Fund	96
B-6	Statement of Developers Escrow Deposits – Other Trust Fund	97
B-7	Statement of Miscellaneous Reserves – Other Trust Fund	97
B-8	Statement of Due to State of New Jersey Unemployment Compensation – Other Trust Fund	98
B-9	Statement of Reserve for Payroll and Payroll Deductions – Other Trust Fund	98
B10	Statement of Reserve for Open Space – Open Space Trust Fund	99
	<b><u>General Capital Fund</u></b>	
C-3	Analysis of General Capital Cash	100
C-4	Statement of Deferred Charges to Future Taxation – Funded	101
C-5	Statement of Department of Transportation Grant Receivable	102
C-6	Statement of Due from County of Morris Historic Preservation Trust Fund	102
C-7	Statement of Due to Current Fund	102

# TOWNSHIP OF MOUNT OLIVE

## TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<b><u>General Capital Fund (Continued)</u></b>		
C-8	Statement of Deferred Charges to Future Taxation – Unfunded	103
C-9	Statement of Improvement Authorizations	104
C-10	Statement of General Serial Bonds	105
C-11	Statement of Capital Improvement Fund	106
C-12	Statement of Encumbrances Payable	106
C-13	Statement of Due from Green Acres Trust	107
C-14	Statement of Reserve for Pocket Parks	107
C-15	Statement of Reserve for Recreation Improvements	107
C-16	Statement of Wastewater Loans Payable	108
C-17	Statement of EDA Loan Payable	108
C-18	Statement of Green Trust Loan Payable	108
C-19	Statement of Garden State Preservation Trust Loan Payable	109
C-20	Statement of Morris County Improvement Authority (MCIA) Loan Payable	109
C-21	Statement of Bond Anticipation Notes	110
C-22	Statement of Community Development Block Grant Receivable	111
C-23	Statement of Bonds and Notes Authorized But Not Issued	112
<b><u>Water Utility Fund</u></b>		
D-5	Statement of Water Utility Cash – Treasurer – Water Utility Operating Fund	113
D-6	Analysis of Water Capital Cash – Water Utility Capital Fund	114
D-7	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	114
D-8	Statement of Fixed Capital – Water Utility Capital Fund	114
D-9	Statement of Encumbrances Payable – Water Utility Operating Fund	115
D-10	Statement of Accrued Interest on Bonds and Notes – Water Utility Operating Fund	115
D-11	Statement of Due from Water Utility Capital Fund – Water Utility Operating Fund	115
D-12	Statement of Reserve for Amortization – Water Utility Capital Fund	116
D-13	Statement of NJEIT Loans Payable – Water Utility Capital Fund	116
D-14	Statement of 2012 Appropriation Reserves – Water Utility Operating Fund	117
D-15	Statement of General Serial Bonds – Water Utility Capital Fund	118
D-16	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	119
D-17	Statement of Encumbrances Payable – Water Utility Capital Fund	119
D-18	Statement of Improvement Authorizations – Water Utility Capital Fund	120
D-19	Statement of Capital Improvement Fund – Water Utility Capital Fund	121
D-20	Statement of Deferred Reserve for Amortization – Water Utility Capital Fund	122
D-21	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund	123

# TOWNSHIP OF MOUNT OLIVE

## TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<b><u>Sewer Utility Fund</u></b>		
E-7	Statement of Sewer Utility Cash	124
E-8	Analysis of Sewer Capital Cash – Sewer Utility Capital Fund	125
E-9	Statement of Consumer Accounts Receivable – Sewer Utility Operating Fund	125
E-10	Statement of Amount to be Raised – Sewer Utility Assessment Trust Fund	125
E-11	Statement of Assessments Receivable – Sewer Utility Assessment Trust Fund	126
E-12	Statement of Prospective Assessments Funded – Sewer Utility Assessment Trust Fund	127
E-13	Statement of Encumbrances Payable – Sewer Utility Operating Fund	128
E-14	Statement of Wastewater Loans Payable – Sewer Utility Capital Fund	129
E-15	Statement of Appropriation Reserves – Sewer Utility Operating Fund	130
E-16	Statement of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	130
E-17	Statement of Fixed Capital – Sewer Utility Capital Fund	131
E-18	Statement of Reserve for Prospective Assessments Funded – Sewer Utility Assessment Trust Fund	132
E-19	Statement of Reserve for Amortization – Sewer Utility Capital Fund	132
E-20	Statement of Accrued Interest on Bonds and Loans – Sewer Utility Operating Fund	133
E-21	Statement of Serial Bonds – Sewer Utility Capital Fund	134
E-22	Statement of Serial Bonds – Sewer Utility Assessment Trust Fund	135
E-23	Statement of Due to Sewer Operating Fund – Sewer Utility Assessment Trust Fund	136
E-24	Statement of Improvement Authorizations - Sewer Utility Capital Fund	137
E-25	Statement of Encumbrances Payable – Sewer Utility Capital Fund	138
E-26	Statement of Bonds and Notes Authorized But Not Issued – Sewer Utility Capital Fund	139
E-27	Statement of Reserve to Pay Debt Service – Sewer Utility Assessment Trust Fund	139
<b><u>Solid Waste Collection District Fund</u></b>		
F-4	Statement of Cash – Solid Waste Collection District Fund	140
F-5	Statement of Due from County of Morris - Solid Waste Collection District Fund	141
F-6	Statement of 2012 Appropriation Reserves – Solid Waste Collection District Fund	141
F-7	Statement of Encumbrances Payable – Solid Waste Collection District Fund	142
<b><u>Recreation Utility Fund</u></b>		
G-4	Statement of Cash – Recreation Utility Fund	143
G-5	Statement of Encumbrances Payable – Recreation Utility Fund	143
G-6	Statement of 2012 Appropriation Reserves – Recreation Utility Fund	144
G-7	Statement of Fixed Capital – Recreation Utility Capital Fund	145
G-8	Statement of Reserve for Amortization – Recreation Utility Capital Fund	145

**TOWNSHIP OF MOUNT OLIVE**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page</u>
 <b><u>Part II</u></b>	
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 Auditor’s Report	146-147
Schedule of Expenditures of Federal Awards, Schedule A	148
Schedule of Expenditures of State Financial Assistance, Schedule B	149
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	150-151
Schedule of Findings and Responses	152-155
 <b><u>Part III</u></b>	
Comparative Statements of Operations and Changes in Fund Balance - Current Fund	156
Comparative Statements of Operations and Changes in Fund Balance - Water Utility Operating Fund	157
Comparative Statements of Operations and Changes in Fund Balance - Sewer Utility Operating Fund	158
Comparative Statements of Operations and Changes in Fund Balance – Solid Waste Collection District Fund	159
Comparative Statements of Operations and Changes in Fund Balance – Recreation Utility Fund	160
Comparison of Tax Levies and Collection Currently	161
Delinquent Taxes and Tax Title Liens	161
Property Acquired by Tax Title Lien Liquidation	161
Comparative Schedule of Tax Rate Information	162
Comparison of Water Utility Levies	162
Comparison of Sewer Utility Levies	162
Comparative Schedule of Fund Balances	163
Officials in Office and Surety Bonds	164
General Comments	165-166
Recommendations	167

**TOWNSHIP OF MOUNT OLIVE  
MORRIS COUNTY, NEW JERSEY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Mount Olive  
Mount Olive, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Mount Olive, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Township of Mount Olive on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

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 requirement that the Township of Mount Olive prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Mount Olive as of December 31, 2013 and 2012, or changes in financial position, or, where applicable, cash flows for the years then ended.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 15 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 24 percent and 22 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2013 and 2012.

### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Mount Olive as of December 31, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### ***Required Supplementary Information***

The Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Mount Olive as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Mount Olive.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

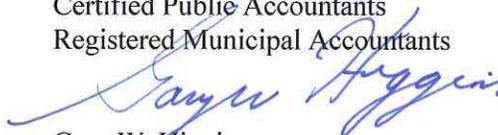
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2014 on our consideration of the Township of Mount Olive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Mount Olive's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
June 23, 2014

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>Regular Fund</b>			
Cash	A-4	\$ 6,033,259	\$ 4,508,708
Change Funds	A-5	1,600	1,600
Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions	A-6	<u>29,277</u>	<u>29,040</u>
		<u>6,064,136</u>	<u>4,539,348</u>
<b>Receivables and Other Assets with Full Reserves</b>			
Delinquent Taxes Receivable	A-7	905,423	1,046,468
Tax Title Liens Receivable	A-8	446,072	399,434
Property Acquired for Taxes - Assessed Valuation	A-9	4,977,194	4,890,894
Revenue Accounts Receivable	A-10	<u>67,068</u>	<u>47,785</u>
		<u>6,395,757</u>	<u>6,384,581</u>
<b>Total Regular Fund</b>		<u>12,459,893</u>	<u>10,923,929</u>
<b>Federal and State Grant Fund</b>			
Cash	A-4	66,645	28,693
Grants Receivable	A-25	<u>240,921</u>	<u>290,746</u>
<b>Total Federal and State Grant Fund</b>		<u>307,566</u>	<u>319,439</u>
<b>Total Assets</b>		<u>\$ 12,767,459</u>	<u>\$ 11,243,368</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Regular Fund</b>			
Appropriation Reserves	A-3,A-11	\$ 199,325	\$ 203,375
Encumbrances Payable	A-12	581,337	459,765
Prepaid Taxes	A-15	306,114	248,332
Reserve for Tax Appeals	A-20	83,533	85,425
Fees Payable	A-14	-	300
Miscellaneous Reserves and Deposits	A-19	<u>931,950</u>	<u>660,357</u>
		2,102,259	1,657,554
Reserve for Receivables and Other Assets	A	6,395,757	6,384,581
Fund Balance	A-1	<u>3,961,877</u>	<u>2,881,794</u>
<b>Total Regular Fund</b>		<u>12,459,893</u>	<u>10,923,929</u>
<b>Federal and State Grant Fund</b>			
Encumbrances Payable	A-13	132,942	157,878
Reserve for Grants and Donations - Appropriated	A-24	<u>174,624</u>	<u>161,561</u>
<b>Total Federal and State Grant Fund</b>		<u>307,566</u>	<u>319,439</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 12,767,459</u>	<u>\$ 11,243,368</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

REVENUES AND OTHER INCOME	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Fund Balance Utilized	A-2	\$ 1,975,000	\$ 2,200,000
Miscellaneous Revenue Anticipated	A-2	6,175,775	5,320,311
Receipts from Delinquent Taxes	A-2	1,058,075	972,794
Receipts from Current Taxes	A-2	93,127,058	91,099,556
Non-Budget Revenue	A-2	456,651	576,889
Other Credits to Income			
Tax Sale Premium Escheated	A-19	700	
Unexpended Balances of Appropriation Reserves	A-11	290,633	182,494
		<u>103,083,892</u>	<u>100,352,044</u>
Total Revenues and Other Income			
<b>EXPENDITURES</b>			
<b>Budget Appropriations</b>			
<b>Operations</b>			
Salaries and Wages	A-3	9,150,181	9,411,702
Other Expenses	A-3	8,762,862	8,196,106
Capital Improvements	A-3	177,505	127,000
Municipal Debt Service	A-3	5,145,091	4,839,833
<b>Deferred Charges and Statutory Expenditures -</b>			
Municipal	A-3	2,512,107	2,481,751
County Taxes	A-17	7,698,019	7,548,838
County Taxes - Added Taxes	A-17	52,076	45,743
County Taxes - Open Space Preservation	A-17	362,579	485,827
Local District School Taxes	A-18	63,669,713	62,520,532
Sanitation District Taxes	A-22	1,903,007	1,905,936
Sanitation District Taxes - Added Taxes	A-22	950	8,479
Municipal - Open Space Preservation	A-21	586,851	590,079
Municipal - Open Space Preservation - Added Taxes	A-21	3,833	
Refund of Prior Year Revenue	A-4	1,680	
Prior Year Senior Citizens Deduction Disallowed	A-6	2,355	1,074
		<u>100,028,809</u>	<u>98,162,900</u>
Total Expenditures			
Excess in Revenue		<u>3,055,083</u>	<u>2,189,144</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Excess in Revenue (Brought Forward)		\$ 3,055,083	\$ 2,189,144
FUND BALANCE, JANUARY 1	A	<u>2,881,794</u>	<u>2,892,650</u>
		5,936,877	5,081,794
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>1,975,000</u>	<u>2,200,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 3,961,877</u>	<u>\$ 2,881,794</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 <u>Anticipated</u> <u>Budget</u>	<u>Added</u> by NJS <u>40A:4-87</u>	<u>Realized</u> <u>in 2013</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,975,000	-	\$ 1,975,000	-
<b>Miscellaneous Revenues</b>					
<b>Licenses</b>					
Alcoholic Beverages	A-10	23,900		24,108	\$ 208
<b>Fees and Permits</b>					
Other	A-2	155,000		202,792	47,792
Fines and Costs - Municipal Court	A-10	300,000		370,470	70,470
Interest and Costs on Taxes	A-10	210,000		232,279	22,279
Interest on Investments and Deposits	A-10	2,500		3,971	1,471
Water Tower Rental - NYNEX	A-10	305,000		411,521	106,521
Interest on Developers' Deposit Fees	A-10	2,500		3,200	700
Life Hazard Use Fees	A-10	45,000		27,099	(17,901)
Fire Prevention Inspection Fees	A-10	70,000		77,781	7,781
Additional Fire Prevention - Chester	A-10	10,000		26,350	16,350
Consolidated Municipal Property Tax Relief	A-10	111,171		111,171	
Energy Receipts Tax	A-10	1,855,060		1,855,060	
Reserve for Garden State Trust Fund	A-10	66,707		66,707	
Watershed Moratorium Aid	A-10	9,165		9,165	
Uniform Construction Code Fees	A-10	430,000		717,922	287,922
Interlocal Health Agreement	A-10	169,832		169,832	
Interlocal Animal Control Agreement-Byram	A-10	7,500		9,530	2,030
Interlocal Court Agreement	A-10	52,020		52,020	
<b>Public and Private Revenues Offset</b>					
<b>With Appropriations</b>					
Click it or Ticket	A-24		\$ 4,000	4,000	
Body Armor Replacement Grant	A-24		5,980	5,980	
Recycling Tonnage Grant	A-24		71,275	71,275	
Drive Sober or Get Pulled Over	A-24		4,400	4,400	
Drunk Driving Enforcement Fund	A-24	15,926	14,151	30,077	
Recreation Trails Grant	A-24	24,000		24,000	
Bulletproof Vest Partnership	A-24		2,921	2,921	
NJ Sustainable Grant	A-24		10,000	10,000	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 Anticipated <u>Budget</u>	<u>Added</u> by NJS 40A:4-87	Realized in 2013	Excess or (Deficit)
Public and Private Revenues Offset					
With Appropriations (Continued)					
Donation - Givaudan	A-24		\$ 3,500	\$ 3,500	
Donation - Benjamin Moore	A-24		1,100	1,100	
Donation - Cablevision	A-24		2,000	2,000	
Baptist Church - Historic Preservation	A-24		21,800	21,800	
Phase II - Baptist Church Renovations	A-24		190,216	190,216	
Clean Communities Program	A-24		57,618	57,618	
Donation - Braille Trail	A-24		30,000	30,000	
Other Special Items:					
Cable TV Franchise Fees	A-10	\$ 86,422		86,422	
Hotel Tax Revenues	A-10	190,000		267,117	\$ 77,117
Due from Mt. Olive Child Care - Lease	A-10	89,340		93,807	4,467
Due from Solid Waste Collection District - Debt Service	A-10	112,425		112,425	
Due From Sports Organizations - Down Payment	A-10	42,623		48,603	5,980
General Capital Fund Surplus	A-10	50,685		50,685	-
Due from Open Space Trust Fund - Debt Service	A-10	<u>686,851</u>		<u>686,851</u>	-
	A-1	<u>5,123,627</u>	<u>418,961</u>	<u>6,175,775</u>	<u>633,187</u>
Receipts from Delinquent Taxes	A-7	<u>1,000,000</u>		<u>1,058,075</u>	<u>58,075</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for:					
Municipal Purposes	A-2	18,228,311		19,834,608	1,606,297
Minimum Library Tax	A-2	<u>1,065,422</u>		<u>1,065,422</u>	-
		<u>19,293,733</u>		<u>20,900,030</u>	<u>1,606,297</u>
Budget Totals		<u>\$ 27,392,360</u>	<u>\$ 418,961</u>	30,108,880	<u>\$ 2,297,559</u>
Non-Budget Revenue	A-2, A-4			<u>456,651</u>	
				<u>\$ 30,565,531</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 93,127,058
Allocated to School, County and Special District Taxes	A-1, A-17, A-18, A-21, A-22	<u>74,277,028</u>
		18,850,030
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,050,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,900,030</u>
Fees and Permits - Other		
Township Clerk	A-10	\$ 2,791
Board of Health	A-10	105,003
Registrar	A-10	3,615
SMA Clinic, Shots and Screenings	A-10	24,446
Police Department	A-10	3,223
Tax Search Officer	A-10	100
Tax Assessor	A-10	580
Engineering	A-10	5,400
Planning Board	A-10	40,842
Zoning Board	A-10	11,300
Water Testing	A-10	<u>5,492</u>
	A-2	<u>\$ 202,792</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Miscellaneous Receipts		\$ 15,080
Premium on Bonds/Notes		20,950
CBS Outdoor Lease Agreement		5,943
Sale of Assets		31,842
Comcast Cable Franchise Fees		1,974
Verizon Franchise Fees		40,543
Return of Funds from LOSAP		3,685
Duplicate Tax Bills		80
NSF Fees		1,050
Prior Year Refunds		259,546
Abiding Peace In-Lieu Tax		42,875
Hackettstown Medical Rental		15,600
Administrative Fee- Seniors and Veterans		2,388
Inspection Fines		1,751
Off Duty Administrative Fee		<u>13,344</u>
	A-2,A-4	<u>\$ 456,651</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and Council					
Salaries & Wages	\$ 35,500	\$ 35,500	\$ 35,362	\$ 138	
Other Expenses	24,025	16,025	15,209	816	
Township Clerk					
Salaries & Wages	225,839	225,839	225,713	126	
Other Expenses	22,941	18,941	14,727	4,214	
Business Administration					
Salaries & Wages	240,368	240,368	240,368		
Other Expenses	88,200	83,700	80,729	2,971	
Financial Administration					
Salaries & Wages	203,465	203,465	203,465		
Other Expenses	41,572	40,572	37,804	2,768	
Annual Audit	33,709	33,709	33,417	292	
Revenue Administration (Tax Collection)					
Salaries & Wages	68,866	68,866	68,866		
Other Expenses	6,711	5,711	5,606	105	
Assessment of Taxes					
Salaries & Wages	121,019	121,019	120,520	499	
Other Expenses	30,820	26,820	26,739	81	
Legal Services & Costs					
Other Expenses	289,442	279,442	265,635	13,807	
Engineering Services					
Salaries & Wages	32,334	30,334	30,181	153	
Other Expenses	15,857	15,857	13,882	1,975	
Industrial and Economic Development Committee					
Other Expenses	3,000	3,000	2,891	109	
Open Space Committee					
Other Expenses	225	225	-	225	
Mount Olive Historical Society					
Other Expenses	1,250	1,250	732	518	
Ethics Board					
Other Expenses	500	500	-	500	
Information Technology Support					
Other Expenses	55,311	53,811	53,114	697	
<b>LAND USE ADMINISTRATION</b>					
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	160,636	162,136	158,616	3,520	
Other Expenses	49,800	46,800	41,581	5,219	
<b>INSURANCE</b>					
General Liability	227,425	227,425	226,619		\$ 806
Workers Compensation	266,977	266,977	266,977		
Employee Group Health	2,738,701	2,705,701	2,695,404	2,797	7,500
Employee Group Health - Waiver	26,000	21,000	20,284		716
<b>PUBLIC SAFETY</b>					
Police					
Salaries & Wages	5,597,430	5,584,430	5,570,863	13,567	
Other Expenses	196,704	196,704	196,497	207	
Emergency Management System					
Salaries & Wages	4,919	4,919	4,919		
Other Expenses	16,118	16,118	8,858	7,260	
Fire					
Other Expenses					
Flanders Fire Company	75,927	75,927	75,927		
Budd Lake Fire Company	96,703	96,703	96,703		
Fire Hydrant Rental	16,000	16,000	15,491	509	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>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)					
Fire (Continued)					
Contribution to Volunteer Fire Companies					
Flanders Fire Company	\$ 45,000	\$ 45,000	\$ 45,000		
Budd Lake Fire Company	36,124	36,124	36,124		
First Aid Organization - Contributions					
Budd Lake Rescue Squad	35,000	35,000	35,000		
Flanders Rescue Squad	35,000	35,000	35,000		
First Aid Organization					
Other Expenses					
Budd Lake Rescue Squad	55,000	55,000	55,000		
Flanders Rescue Squad	27,000	27,000	27,000		
Uniform Fire Safety Act (PL 1983, Ch. 183)					
Fire Prevention					
Salaries & Wages	131,669	131,669	131,669		
Other Expenses	12,501	11,501	9,937	\$ 1,564	
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries & Wages	812,545	862,545	857,320	5,225	
Other Expenses	292,293	412,293	385,969	26,324	
Street Signs					
Other Expenses	44,550	43,550	40,354	3,196	
Buildings and Grounds					
Salaries & Wages	376,503	370,503	365,913	4,590	
Other Expenses	238,116	258,116	256,655	1,461	
Fleet Maintenance					
Salaries & Wages	182,732	172,732	168,047	4,685	
Other Expenses	125,000	95,000	87,578	7,422	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	510,006	497,006	491,459	5,547	
Other Expenses	3,297	3,297	578	2,719	
Environmental Committee (R.S. 40:56A-1 et seq)					
Other Expenses	1,500	1,500	852	648	
Animal Control					
Other Expenses	55,775	55,775	55,775		
Division of Senior Social Services					
Salaries & Wages	100,914	94,914	92,308	2,606	
Other Expenses	14,250	14,250	11,990	2,260	
Mount Olive Municipal Alliance Commission					
Other Expenses	7,500	7,500	7,500		

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
Uniform Construction Code					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4-17)					
Inspection of Buildings					
Salaries & Wages	\$ 267,663	\$ 284,663	\$ 283,928	\$ 735	
Other Expenses	71,390	71,390	70,417	973	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	175,000	162,500	143,532	18,968	
Street Lighting	155,000	150,000	138,334	11,666	
Gas (Natural or Propane)	55,000	47,500	38,941	8,559	
Telecommunications	110,000	116,000	115,541	459	
Vehicle Fuel	374,000	349,400	345,556	3,844	
Accumulated Absence Trust Fund	250,000	250,000	250,000		
Municipal Court					
Salaries and Wages	242,005	232,005	226,924	5,081	
Other Expenses	10,150	10,150	9,643	507	
Public Defender (P.L. 1977, C. 256)					
Other Expenses	20,100	20,100	18,650	1,450	
<b>Total Operations Within "CAPS"</b>	<b>15,886,877</b>	<b>15,884,777</b>	<b>15,692,193</b>	<b>183,562</b>	<b>\$ 9,022</b>
Detail:					
Salaries & Wages	9,131,681	9,150,181	9,108,394	41,787	-
Other Expenses	6,755,196	6,734,596	6,583,799	141,775	9,022
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Statutory Charges					
Public Employees Retirement System	553,715	553,715	553,715		
Social Security System (O.A.S.I.)	712,552	697,552	692,079	5,473	
Police and Firemen's Retirement System of NJ	1,196,015	1,213,115	1,213,065		50
Deferred Contribution Retirement Program	5,750	5,750	960	290	4,500
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal Within "CAPS"</b>	<b>2,468,032</b>	<b>2,470,132</b>	<b>2,459,819</b>	<b>5,763</b>	<b>4,550</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>18,354,909</b>	<b>18,354,909</b>	<b>18,152,012</b>	<b>189,325</b>	<b>13,572</b>
OPERATIONS - EXCLUDED FROM "CAPS"					
INSURANCE (N.J.S.A. 40A:4-45.3(OO))					
Maintenance of Free Public Library (Ch. 82, P.L. 1985)	1,065,422	1,065,422	1,065,422		
Length of Service Award Program (LOSAP)	150,000	150,000	140,000	10,000	
Health Insurance	133,627	133,627	133,627	-	
<b>Total Other Operations Excluded from "CAPS"</b>	<b>1,349,049</b>	<b>1,349,049</b>	<b>1,339,049</b>	<b>10,000</b>	<b>-</b>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS" (Continued)</b>					
Interlocal Municipal Service Agreements					
Health Services	\$ 169,832	\$ 169,832	\$ 169,832		
Animal Control Services - Byram	7,500	7,500	7,500		
Court	<u>52,020</u>	<u>52,020</u>	<u>52,020</u>		
Total Interlocal Municipal Service Agreements	<u>229,352</u>	<u>229,352</u>	<u>229,352</u>	-	-
<b>Public and Private Programs Offset by Revenues</b>					
Recycling Tonnage Grant		71,275	71,275		
Drunk Driving Enforcement Fund	15,926	30,077	30,077		
Body Armor Fund		5,980	5,980		
Drive Sober/Get Pulled Over		4,400	4,400		
Click it or Ticket		4,000	4,000		
Bulletproof Vest		2,921	2,921		
Donation - Givaudan		3,500	3,500		
Recreation Trails Grant	24,000	24,000	24,000		
Donation - Cablevision		2,000	2,000		
Donation - Benjamin Moore		1,100	1,100		
Donation - Braille Trail		30,000	30,000		
NJ Sustainable Grant		10,000	10,000		
Clean Communities Program		57,618	57,618		
Baptist Church - Historic Preservation		21,800	21,800		
Phase II - Baptist Church Renovations	-	190,216	190,216	-	-
Total Public and Private Programs Offset by Revenues	<u>39,926</u>	<u>458,887</u>	<u>458,887</u>	-	-
Total Operations Excluded from "CAPS"	<u>1,618,327</u>	<u>2,037,288</u>	<u>2,027,288</u>	\$ 10,000	-
<b>Detail:</b>					
Other Expenses	<u>1,618,327</u>	<u>2,037,288</u>	<u>2,027,288</u>	10,000	-
<b>CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	<u>177,505</u>	<u>177,505</u>	<u>177,505</u>	-	-
Total Capital Improvements Excluded from "CAPS"	<u>177,505</u>	<u>177,505</u>	<u>177,505</u>	-	-
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	3,882,000	3,882,000	3,882,000		
Interest on Bonds	708,477	708,477	708,474		\$ 3
Interest on Notes					
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	150,788	150,788	150,788		
Wastewater Loan:					
Principal	278,475	278,475	278,475		
Interest	27,414	27,414	27,414		
Morris County Improvement Program					
Lease Program					
Principal	75,000	75,000	75,000		
Interest	14,064	14,064	14,064		
EDA Loan Payable	<u>8,876</u>	<u>8,876</u>	<u>8,876</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>5,145,094</u>	<u>5,145,094</u>	<u>5,145,091</u>	-	3

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES:					
Deferred Charges to Future Taxation - Unfunded Ord. No. 13-2012	\$ 46,525	\$ 46,525	\$ 46,525	-	-
Total Deferred Charges	<u>46,525</u>	<u>46,525</u>	<u>46,525</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,987,451</u>	<u>7,406,412</u>	<u>7,396,409</u>	<u>\$ 10,000</u>	<u>\$ 3</u>
Subtotal General Appropriations	25,342,360	25,761,321	25,548,421	199,325	13,575
Reserve for Uncollected Taxes	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,050,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 27,392,360</u>	<u>\$ 27,811,321</u>	<u>\$ 27,598,421</u>	<u>\$ 199,325</u>	<u>\$ 13,575</u>

Reference      A-2

A

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget	A-2	\$ 27,392,360	
Additional Appropriations (N.J.S.A. 40A:4-87)	A-2	<u>418,961</u>	
		<u>\$ 27,811,321</u>	
Cash Disbursed	A-4		\$ 25,328,564
Less Refunds	A-4		<u>820,367</u>
			24,508,197
Federal and State Grants Appropriated	A-24		458,887
Encumbrances Payable	A-12		581,337
Reserve for Uncollected Taxes	A-2		<u>2,050,000</u>
			<u>\$ 27,598,421</u>

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-3	\$ 15,207	\$ 6,799
<b>OTHER TRUST FUND</b>			
Cash	B-3	<u>6,125,302</u>	<u>5,359,448</u>
<b>OPEN SPACE TRUST FUND</b>			
Cash	B-3	<u>107,119</u>	<u>225,161</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) TRUST FUND (Unaudited)</b>			
Investments	B	1,769,570	1,451,686
Contribution Receivable	B	<u>151,670</u>	<u>125,000</u>
		<u>1,921,240</u>	<u>1,576,686</u>
<b>Total Assets</b>		<u>\$ 8,168,868</u>	<u>\$ 7,168,094</u>

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Due to State of New Jersey	B-5	\$ 14	\$ 4
Reserve for Animal Control Expenditures	B-4	<u>15,193</u>	<u>6,795</u>
		<u>15,207</u>	<u>6,799</u>
<b>OTHER TRUST FUND</b>			
Escrow Deposits	B-6	4,425,507	3,968,111
Due to the State of New Jersey	B-8	5,703	1,387
Reserve for Payroll and Payroll Deductions	B-9	6,514	4,569
Miscellaneous Reserves	B-7	<u>1,687,578</u>	<u>1,385,381</u>
		<u>6,125,302</u>	<u>5,359,448</u>
<b>OPEN SPACE TRUST FUND</b>			
Reserve for Open Space	B-10	<u>107,119</u>	<u>225,161</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) TRUST FUND (Unaudited)</b>			
Reserve for Investments in Length of Service Award Program	B	<u>1,921,240</u>	<u>1,576,686</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 8,168,868</u>	<u>\$ 7,168,094</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**

	2013			
<u>Reference</u>	Budget (Memorandum)	2013 Realized	Excess or (Deficit)	
Amount to be Raised by Taxation	B-3	\$ 586,851	\$ 590,684	\$ 3,833
		<u>\$ 586,851</u>	590,684	<u>\$ 3,833</u>
Non-Budget Revenue	B-3		<u>27,646</u>	
			<u>\$ 618,330</u>	
Analysis of Non-Budget Revenue				
Interest on Investments and Deposits			\$ 86	
Reserve for Land Sale Proceeds			<u>27,560</u>	
			<u>\$ 27,646</u>	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND**

	2013	2013	
<u>Reference</u>	Budget (Memorandum)	Paid or Charged	Excess or (Deficit)
Reserve for Future Use	B-3	\$ 49,521	\$ (49,521)
Debt Service	B-3	<u>\$ 586,851</u>	<u>(100,000)</u>
		<u>\$ 586,851</u>	<u>\$ (149,521)</u>
	<u>Reference</u>	B-3	

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 1,264,406	\$ 1,844,653
Deferred Charges to Future Taxation			
Funded	C-4	19,904,222	24,287,504
Unfunded	C-8	3,614,451	372,517
Department of Transportation Grant Receivable	C-5	225,000	58,750
Due from Green Acres Trust	C-13	-	45,000
Community Development Block Grant Receivable	C-22	25,958	57,500
Due from County of Morris Historic Preservation Trust Fund	C-6	<u>279,257</u>	<u>323,360</u>
 Total Assets		 <u>\$ 25,313,294</u>	 <u>\$ 26,989,284</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-10	\$ 18,609,000	\$ 22,491,000
Wastewater Loans Payable	C-16	581,774	860,249
EDA Loan Payable	C-17	-	8,876
Green Trust Loan Payable	C-18	233,523	346,846
Garden State Preservation Trust Loan Payable	C-19	254,925	280,533
MCIA Loan Payable	C-20	225,000	300,000
Bond Anticipation Notes	C-21	3,341,376	
Improvement Authorizations			
Funded	C-9	471,277	405,321
Unfunded	C-9	1,066,155	369,242
Capital Improvement Fund	C-11	1,698	1,393
Encumbrances Payable	C-12	462,953	1,822,639
Reserve for Pocket Parks	C-14	-	15,000
Reserve for Recreation Improvements	C-15	37,500	37,500
Fund Balance	C-1	<u>28,113</u>	<u>50,685</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 25,313,294</u>	 <u>\$ 26,989,284</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$273,075 and \$372,517, respectively (See Exhibit C-23).

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 50,685	\$ 27,938
Increased By:			
Cancellation of Funded Improvement Authorizations	C-9	<u>28,113</u>	<u>50,685</u>
		78,798	78,623
Decreased by:			
Utilized as Current Fund Revenue	C-7	<u>50,685</u>	<u>27,938</u>
Balance, December 31	C	<u>\$ 28,113</u>	<u>\$ 50,685</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2012		\$ 1,844,653
Increased by Receipts:		
Department of Transportation Grant Proceeds	\$ 58,750	
Historic Preservation Trust Fund Proceeds	256,119	
Green Acres Trust Proceeds	45,000	
Community Development Block Grant Proceeds	31,542	
Budget Appropriation - Capital Improvement Fund	177,505	
Budget Appropriation - Deferred Charges Unfunded	46,525	
Bond Anticipation Notes	<u>3,341,376</u>	
		<u>3,956,817</u>
		5,801,470
Decreased by Disbursements:		
Improvement Authorizations	2,664,996	
Reserve for Encumbrances	1,821,383	
Payments to Current Fund	<u>50,685</u>	
		<u>4,537,064</u>
Balance, December 31, 2013		<u>\$ 1,264,406</u>

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
WATER UTILITY FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-5	\$ 557,317	\$ 388,819
Receivables With Full Reserves Consumer Accounts Receivable	D-7	<u>61,369</u>	<u>73,664</u>
Total Operating Fund		<u>618,686</u>	<u>462,483</u>
<b>CAPITAL FUND</b>			
Cash	D-5,D-6	21,768	574,740
Fixed Capital Authorized and Uncompleted	D-16	419,237	793,506
Fixed Capital	D-8	<u>7,184,385</u>	<u>6,647,233</u>
Total Capital Fund		<u>7,625,390</u>	<u>8,015,479</u>
Total Assets		<u>\$ 8,244,076</u>	<u>\$ 8,477,962</u>

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
<b>OPERATING FUND</b>			
<b>Liabilities</b>			
Appropriation Reserves	D-3,14	\$ 91,360	\$ 16,940
Encumbrances Payable	D-9	70,413	63,104
Accrued Interest on Bonds and Loans	D-10	<u>1,706</u>	<u>3,913</u>
		163,479	83,957
Reserve for Receivables	D	61,369	73,664
Fund Balance	D-1	<u>393,838</u>	<u>304,862</u>
<b>Total Operating Fund</b>		<u>618,686</u>	<u>462,483</u>
<b>CAPITAL FUND</b>			
Serial Bonds	D-15	293,000	540,000
NJEIT Loan Payable	D-13	353,396	372,483
Encumbrances Payable	D-17	50,765	578,565
Improvement Authorizations:			
Funded	D-18	7,771	7,771
Unfunded	D-18	316,178	191,302
Capital Improvement Fund	D-19	1,000	1,000
Reserve for Amortization	D-12	6,603,280	6,299,856
Deferred Reserve for Amortization	D-20		4,149
Fund Balance	D-4	<u>          </u>	<u>20,353</u>
<b>Total Capital Fund</b>		<u>7,625,390</u>	<u>8,015,479</u>
<b>Total Liabilities, Reserves and Fund Balances</b>		<u>\$ 8,244,076</u>	<u>\$ 8,477,962</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$353,946 and \$224,251, respectively, (See Exhibit D-21)

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING**  
**FUND BALANCE - REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES AND OTHER INCOME</b>			
Fund Balance Utilized	D-2	\$ 119,202	\$ 215,017
Rents	D-2	1,517,579	1,418,930
Fund Balance- Capital Fund	D-2	20,353	10,075
Other Budget Revenues	D-2	94,402	110,146
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	<u>33,988</u>	<u>64,232</u>
 Total Revenues and Other Income		<u>1,785,524</u>	<u>1,818,400</u>
 <b>EXPENDITURES</b>			
Budget Appropriations			
Operating	D-3	1,218,954	1,153,552
Capital Improvements	D-3	17,000	3,250
Debt Service	D-3	278,510	414,511
Deferred Charges and Statutory Expenditures	D-3	<u>62,882</u>	<u>62,405</u>
 Total Expenditures		<u>1,577,346</u>	<u>1,633,718</u>
 Excess in Revenue		208,178	184,682
 FUND BALANCE, JANUARY 1	D	<u>304,862</u>	<u>335,197</u>
		513,040	519,879
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>119,202</u>	<u>215,017</u>
 FUND BALANCE, DECEMBER 31	D	<u>\$ 393,838</u>	<u>\$ 304,862</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 <u>Anticipated</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 119,202	\$ 119,202	
Rents	D-1, D-7	1,410,000	1,517,579	\$ 107,579
Fund Balance - Capital Fund	D-1, D-4	20,352	20,353	1
Miscellaneous	D-1	<u>80,000</u>	<u>94,402</u>	<u>14,402</u>
		<u>\$ 1,629,554</u>	<u>\$ 1,751,536</u>	<u>\$ 121,982</u>
<u>Analysis of Miscellaneous Budget Revenue</u>	<u>Reference</u>	D-3		
Miscellaneous Fees				
Tower Rental Fees			\$ 73,631	
Connection Fees			6,080	
Pool Permits			1,620	
Interest on Delinquent Rents			11,006	
Miscellaneous			<u>1,645</u>	
Total Miscellaneous Fees	D-5		<u>93,982</u>	
Interest on Investments:				
Cash Receipts	D-5		239	
Due from Water Capital Fund	D-11		<u>181</u>	
Total Interest on Investments			<u>420</u>	
Total Miscellaneous Revenue	D-1, D-2		<u>\$ 94,402</u>	

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATING</b>					
Salaries and Wages	\$ 446,723	\$ 454,223	\$ 448,089	\$ 6,134	
Other Expenses	822,831	814,731	680,000	84,731	\$ 50,000
Capital Improvement Fund	17,000	17,000	17,000		
<b>DEBT SERVICE</b>					
Payment of Bond Principal	247,000	247,000	247,000		
Interest on Bonds and Loans	12,870	12,870	12,423		447
Principal on Loans	20,848	20,848	19,087		1,761
<b>STATUTORY EXPENDITURES</b>					
Contribution to Public Employee Retirement System	28,108	28,108	28,108		
Social Security System	34,174	34,774	34,279	495	-
	<u>\$ 1,629,554</u>	<u>\$ 1,629,554</u>	<u>\$ 1,485,986</u>	<u>\$ 91,360</u>	<u>\$ 52,208</u>

	<u>Reference</u>	D-2	D-2	D
Cash Disbursements	D-5			\$ 1,405,975
Less: Refunds	D-5			<u>2,825</u>
				1,403,150
Encumbrances Payable	D-9			70,413
Accrued Interest on Bonds and Notes	D-10			<u>12,423</u>
				<u>\$ 1,485,986</u>

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	D	\$ 20,353	\$ 10,075
Increased By:			
Cancellation of Improvement Authorizations	D-4	<u>          -</u>	<u>20,353</u>
		20,353	30,428
Decreased By:			
Anticipated as Revenue in the Water Utility Operating Fund	D-2	<u>20,353</u>	<u>10,075</u>
Balance, December 31	D	<u>\$          -</u>	<u>\$ 20,353</u>

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
SEWER UTILITY FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	E-7	\$ 1,756,253	\$ 1,477,861
Receivables With Full Reserves Consumer Accounts Receivable	E-9	<u>205,941</u>	<u>190,803</u>
Total Operating Fund		<u>1,962,194</u>	<u>1,668,664</u>
<b>ASSESSMENT TRUST FUND</b>			
Cash	E-7	650,883	1,778,906
Assessments Receivable	E-11	196,631	790,688
Amount to be Raised by Taxation	E-10	-	584
Prospective Assessments Funded	E-12	<u>3,108,455</u>	<u>3,107,822</u>
Total Assessment Trust Fund		<u>3,955,969</u>	<u>5,678,000</u>
<b>CAPITAL FUND</b>			
Cash	E-7,E-8	66,811	112,545
Fixed Capital	E-17	33,113,140	33,027,560
Fixed Capital Authorized and Uncompleted	E-16	<u>74,811</u>	<u>120,545</u>
Total Capital Fund		<u>33,254,762</u>	<u>33,260,650</u>
Total Assets		<u>\$ 39,172,925</u>	<u>\$ 40,607,314</u>

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Appropriation Reserves	E-4,E-15	\$ 25,080	\$ 72,832
Encumbrances Payable	E-13	429,861	92,585
Accrued Interest on Bonds and Notes	E-20	<u>35,330</u>	<u>64,903</u>
		490,271	230,320
Reserve for Receivables	E	205,941	190,803
Fund Balance	E-1	<u>1,265,982</u>	<u>1,247,541</u>
<b>Total Operating Fund</b>		<u>1,962,194</u>	<u>1,668,664</u>
<b>ASSESSMENT TRUST FUND</b>			
Serial Bonds	E-22	848,000	1,083,000
Wastewater Loans Payable	E-14	331,815	1,711,601
Reserve to Pay Debt Service	E-27	-	700,000
Fund Balance	E-6	56,875	
Reserve for Prospective Assessments Funded	E-18	<u>2,719,279</u>	<u>2,183,399</u>
		<u>3,955,969</u>	<u>5,678,000</u>
<b>CAPITAL FUND</b>			
Serial Bonds	E-21	1,384,000	1,739,000
Wastewater Loans Payable	E-14	153,332	223,558
Improvement Authorizations			
Funded	E-24	29,813	50,913
Unfunded	E-24	500	500
Reserve for Amortization	E-19	31,650,119	31,185,047
Encumbrances Payable	E-25	<u>36,998</u>	<u>61,632</u>
<b>Total Capital Fund</b>		<u>33,254,762</u>	<u>33,260,650</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 39,172,925</u>	<u>\$ 40,607,314</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$500 and \$500, respectively, (See Exhibit E-26)

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING**  
**FUND BALANCE - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES AND OTHER INCOME</b>			
Fund Balance Utilized	E-2	\$ 347,357	\$ 1,134,224
Sewer Rents and Liens	E-2	3,804,398	4,096,788
Other Budget Revenues	E-2	182,864	271,166
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-15	<u>76,059</u>	<u>32,102</u>
 Total Revenues and Other Income		 <u>4,410,678</u>	 <u>5,534,280</u>
 <b>EXPENDITURES</b>			
Budget Appropriations			
Operating	E-4	2,653,551	3,131,111
Capital Improvements	E-4	270,000	7,500
Deferred Charges and Statutory Expenditures	E-4	594,305	958,227
Debt Service	E-4	<u>527,024</u>	<u>562,372</u>
 Total Expenditures		 <u>4,044,880</u>	 <u>4,659,210</u>
 Excess in Revenue		 365,798	 875,070
 FUND BALANCE, JANUARY 1	E	 <u>1,247,541</u>	 <u>1,506,695</u>
		1,613,339	2,381,765
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>347,357</u>	<u>1,134,224</u>
 FUND BALANCE, DECEMBER 31	E	 <u>\$ 1,265,982</u>	 <u>\$ 1,247,541</u>

The Accompanying Notes are in Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF REVENUES - REGULATORY BASIS  
SEWER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 <u>Anticipated</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	E-1	\$ 347,357	\$ 347,357	
Rents	E-1,E-9	3,673,500	3,804,398	\$ 130,898
Miscellaneous	E-2	50,000	73,175	23,175
Reimbursement - Mt. Olive School District	E-1,E-7	70,000	79,990	9,990
Interest on Assessments	E-1,E-7	<u>42,000</u>	<u>29,699</u>	<u>(12,301)</u>
		<u>\$ 4,182,857</u>	<u>\$ 4,334,619</u>	<u>\$ 151,762</u>

	<u>Reference</u>	E-4	
Analysis of Miscellaneous Revenues			
Miscellaneous Fees			
Interest on Delinquent Rents			\$ 71,726
Prior Year Refund			11
Return Check Fees			<u>390</u>
Total Miscellaneous Fees	E-7		72,127
Interest on Deposits:			
Sewer Operating Fund	E-7	\$ 819	
Sewer Assessment Trust Fund	E-23	<u>229</u>	
Total Interest on Deposits			<u>1,048</u>
Total Miscellaneous Revenues	E-1,E-2		<u>\$ 73,175</u>

**STATEMENT OF REVENUES - REGULATORY BASIS  
SEWER UTILITY ASSESSMENT TRUST FUND**

	<u>Reference</u>	2013 <u>Anticipated</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
Assessment Cash	E-7	\$ 1,078,906	\$ 1,078,906	
Deficit (Sewer Operating Budget)	E-7	<u>535,880</u>	<u>535,880</u>	-
		<u>\$ 1,614,786</u>	<u>\$ 1,614,786</u>	<u>\$ -</u>
	<u>Reference</u>	E-5		

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
SEWER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATING</b>					
Salaries and Wages	\$ 384,755	\$ 415,755	\$ 410,019	\$ 5,736	
Other Expenses	921,699	961,699	944,094	17,605	
Musconetcong Sewerage Authority	1,561,870	1,348,370	1,276,097		\$ 72,273
<b>CAPITAL IMPROVEMENTS</b>					
Capital Outlay	285,000	285,000	268,828	1,172	15,000
<b>DEBT SERVICE</b>					
Payment of Bond and Loan Principal	425,226	425,226	425,226		
Interest on Bonds and Loans	152,502	152,502	101,798		50,704
<b>DEFERRED CHARGES</b>					
Anticipated Deficit - Sewer Utility Assessment Trust Fund	395,880	535,880	535,880		
Amount to be Raised - Foreclosed Property	584	584	584		
<b>STATUTORY EXPENDITURES</b>					
Contribution to Public Employees Retirement System	25,908	25,908	25,908		
Social Security System	29,433	31,933	31,366	567	-
	<u>\$ 4,182,857</u>	<u>\$ 4,182,857</u>	<u>\$ 4,019,800</u>	<u>\$ 25,080</u>	<u>\$ 137,977</u>

	<u>Reference</u>	E-2	E-2	E
Cash Disbursements	E-7		\$ 3,488,417	
Less: Refunds	E-7		<u>276</u>	
			3,488,141	
Accrued Interest on Bonds and Notes	E-20		101,798	
Encumbrances Payable	E-13		<u>429,861</u>	
			<u>\$ 4,019,800</u>	

The Accompanying Notes are in Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
SEWER UTILITY ASSESSMENT TRUST FUND**

	<u>Reference</u>	2013 <u>Budget</u>	2013 Paid or <u>Charged</u>	<u>Variance</u>
Payment of Bond Principal	E-23	\$ 235,000	\$ 235,000	-
Payment of Loan Principal	E-14	<u>1,379,786</u>	<u>1,379,786</u>	\$ -
		<u>\$ 1,614,786</u>	<u>\$ 1,614,786</u>	<u>\$ -</u>
	<u>Reference</u>	E-3		
	Cash Disbursed	E-7	<u>\$ 1,614,786</u>	

EXHIBIT E-6

**STATEMENT OF ASSESSMENT TRUST FUND - FUND BALANCE  
SEWER UTILITY ASSESSMENT TRUST FUND**

	<u>Reference</u>	
Increased by:		
Interest Earnings on Wastewater Loan Proceeds	E-7	<u>\$ 56,875</u>
Balance, December 31, 2013	E	<u>\$ 56,875</u>

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
SOLID WASTE COLLECTION DISTRICT FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	F-4	\$ 701,592	\$ 745,292
Due from County of Morris	F-5	<u>115,312</u>	<u>56,272</u>
<b>Total Assets</b>		<u><b>\$ 816,904</b></u>	<u><b>\$ 801,564</b></u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	F-3, F-6	\$ 70,798	\$ 90,324
Encumbrance Payable	F-7	<u>209,895</u>	<u>158,380</u>
<b>Fund Balance</b>	F-1	<u>280,693</u> <u>536,211</u>	<u>248,704</u> <u>552,860</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u><b>\$ 816,904</b></u>	<u><b>\$ 801,564</b></u>

**TOWNSHIP OF MOUNT OLIVE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES AND OTHER INCOME</b>			
Fund Balance Utilized	F-2	\$ 241,820	\$ 96,637
Sanitation District Taxes	F-2	1,903,957	\$ 1,914,415
Host Benefit Fees	F-2	743,933	711,899
Recycling Revenue	F-2	40,399	70,599
Bulk Item Pick-Up Fees	F-2	22,379	20,220
Yard Waste Fees	F-2	1,146	1,052
Dumpster Fees	F-2	7,940	7,670
Nonbudget Revenue	F-2	302	1,909
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-6	<u>112,412</u>	<u>60,291</u>
 Total Revenues and Other Income		 <u>3,074,288</u>	 <u>2,884,692</u>
 <b>EXPENDITURES</b>			
Budget Appropriations:			
Operating	F-3	2,575,697	2,509,268
Surplus (General Budget)	F-3	112,425	
Statutory Expenditures	F-3	<u>160,995</u>	<u>160,753</u>
 Total Expenditures		 <u>2,849,117</u>	 <u>2,670,021</u>
 Excess in Revenue		 225,171	 214,671
 FUND BALANCE, JANUARY 1	F	 <u>552,860</u>	 <u>434,826</u>
		778,031	649,497
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>241,820</u>	<u>96,637</u>
 BALANCE, DECEMBER 31	F	 <u>\$ 536,211</u>	 <u>\$ 552,860</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	F-1	\$ 241,820	\$ 241,820	-
Sanitation District Taxes	F-1,A-7	<u>1,902,497</u>	<u>1,903,957</u>	\$ 1,460
Host Benefit Fees -				
Transfer Station	F-1	620,000	678,587	58,587
County Reimbursement	F-1	64,000	65,346	1,346
Recycling Revenue	F-1	40,000	40,399	399
Bulk Item Pick-Up Fees	F-1	18,000	22,379	4,379
Dumpster Fees	F-1	7,000	7,940	940
Yard Waste Fees - Stickers and Bags	F-1	<u>800</u>	<u>1,146</u>	<u>346</u>
		<u>749,800</u>	<u>815,797</u>	<u>65,997</u>
 Total		 <u>\$ 2,894,117</u>	 2,961,574	 <u>\$ 67,457</u>
 Nonbudget Revenue	 F-1, F-4		 <u>302</u>	
			 <u>\$ 2,961,876</u>	
 <u>Analysis of Budgeted Revenues</u>				
Cash Receipts	F-4		\$ 2,041,167	
Due from County of Morris	F-5		678,587	
Fund Balance Utilized	F-2		<u>241,820</u>	
	F-2		<u>\$ 2,961,574</u>	
 <u>Analysis of Non Budget Revenue</u>				
Interest on Investments and Deposits			\$ 235	
Prior Year Refunds/NSF Fees			<u>67</u>	
	F-2,F-4		<u>\$ 302</u>	

The Accompanying Notes are in Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SOLID WASTE COLLECTION DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATING</b>					
Salaries and Wages	\$ 1,159,815	\$ 1,159,815	\$ 1,134,897	\$ 24,918	
Other Expenses	1,420,882	1,420,882	1,338,219	42,663	\$ 40,000
Health Benefit Waiver	15,000	15,000	10,000		5,000
Recycling Tax	25,000	25,000	23,069	1,931	
<b>STATUTORY EXPENDITURES</b>					
Contribution to Public Employees					
Retirement System	71,122	71,122	71,122		
Social Security System	89,873	89,873	88,587	1,286	
<b>Surplus (General Budget)-Downpayment</b>					
Capital Ordinances	<u>112,425</u>	<u>112,425</u>	<u>112,425</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,894,117</u></b>	<b><u>\$ 2,894,117</u></b>	<b><u>\$ 2,778,319</u></b>	<b><u>\$ 70,798</u></b>	<b><u>\$ 45,000</u></b>
	<u>Reference</u>	F-2	F-2	F-2	F
Cash Disbursed	F-4			\$ 2,568,424	
Encumbrances Payable	F-7			<u>209,895</u>	
				<b><u>\$ 2,778,319</u></b>	

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
RECREATION UTILITY FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	G-4	\$ 93,043	\$ 118,844
Total Operating Fund		<u>93,043</u>	<u>118,844</u>
<b>CAPITAL FUND</b>			
Fixed Capital	G-7	<u>2,595</u>	<u>2,595</u>
Total Capital Fund		<u>2,595</u>	<u>2,595</u>
Total Assets		<u>\$ 95,638</u>	<u>\$ 121,439</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Appropriation Reserves	G-3, G-6	\$ 4,223	\$ 44,980
Encumbrance Payable	G-5	<u>19,171</u>	<u>26,167</u>
Fund Balance	G-1	23,394 <u>69,649</u>	71,147 <u>47,697</u>
Total Operating Fund		<u>93,043</u>	<u>118,844</u>
<b>CAPITAL FUND</b>			
Reserve for Amortization	G-8	<u>2,595</u>	<u>2,595</u>
Total Capital Fund		<u>2,595</u>	<u>2,595</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 95,638</u>	<u>\$ 121,439</u>

The Accompanying Notes are in Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS - RECREATION UTILITY FUND  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES AND OTHER INCOME</b>			
Fund Balance Utilized	G-2	\$ 33,500	\$ 55,000
Program Fees	G-2	474,790	460,066
Non-Budget Revenue	G-2	2,147	142
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	G-6	<u>47,788</u>	<u>28,445</u>
 Total Revenues		 <u>558,225</u>	 <u>543,653</u>
 <b>EXPENDITURES</b>			
Budget Appropriations:			
Operating	G-3	482,609	485,075
Statutory Expenditures	G-3	<u>20,164</u>	<u>24,070</u>
 Total Expenditures		 <u>502,773</u>	 <u>509,145</u>
 Excess in Revenue		 55,452	 34,508
 FUND BALANCE, JANUARY 1	 G	 <u>47,697</u>	 <u>68,189</u>
		103,149	102,697
Decreased by:			
Utilized as Anticipated Revenue	G-1,G-2	<u>33,500</u>	<u>55,000</u>
 BALANCE, DECEMBER 31	 G	 <u>\$ 69,649</u>	 <u>\$ 47,697</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - RECREATION UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	G-1	\$ 33,500	\$ 33,500	
New Programs	G-1,G-4	89,964	89,964	
Program Fees	G-1,G-4	260,000	260,000	
Additional New Programs	G-1,G-4	<u>314,809</u>	<u>124,826</u>	\$ (189,983)
 Total		 <u>\$ 698,273</u>	 508,290	 <u>\$ (189,983)</u>
 Nonbudget Revenue	 G-1,G-4		 <u>2,147</u>	
			 <u>\$ 510,437</u>	
 <u>Analysis of Nonbudget Revenues</u>				
Interest on Investments and Deposits			\$ 67	
Prior Year Refund			50	
Settlement			30	
Returned Check Fee			<u>2,000</u>	
	G-1,G-2,G-4		<u>\$ 2,147</u>	

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
RECREATION UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATING</b>					
Salaries & Wages	\$ 348,562	\$ 348,562	\$ 270,125	\$ 2,437	\$ 76,000
Other Expenses	318,047	318,047	208,526	1,521	108,000
<b>CAPITAL</b>					
Capital Outlay	5,000	5,000			5,000
<b>STATUTORY EXPENDITURES</b>					
Social Security System	<u>26,664</u>	<u>26,664</u>	<u>19,899</u>	<u>265</u>	<u>6,500</u>
<b>Total</b>	<u>\$ 698,273</u>	<u>\$ 698,273</u>	<u>\$ 498,550</u>	<u>\$ 4,223</u>	<u>\$ 195,500</u>
	<u>Reference</u>	G-2	G-2	G	G
Cash Disbursements	G-4		\$ 479,379		
Encumbrances Payable	G-5		<u>19,171</u>		
			<u>\$ 498,550</u>		

**TOWNSHIP OF MOUNT OLIVE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Land	\$ 25,469,800	\$ 25,204,500
Buildings and Building Improvements	12,069,200	12,061,000
Machinery and Equipment	<u>19,454,100</u>	<u>16,787,035</u>
Total Assets	<u>\$ 56,993,100</u>	<u>\$ 54,052,535</u>
<b>RESERVES</b>		
Investment in General Fixed Assets	<u>\$ 56,993,100</u>	<u>\$ 54,052,535</u>
Total Reserves	<u>\$ 56,993,100</u>	<u>\$ 54,052,535</u>

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Mount Olive (the "Township") was incorporated in 1871 and operates under an elected Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire companies and rescue squads which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Township of Mount Olive have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Open Space Trust Fund - This fund is used to account for the receipts and disbursements relating to the preservation of open space.

Length of Service Awards Program (LOSAP) Trust Fund – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

*Solid Waste Collection District Fund* – This fund is used to account for the revenues and expenditures for operation of the solid waste collection district.

*Recreation Utility Fund* - This fund is used to account for the revenues and expenditures for operation of the Township's recreation and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the recreation utility is accounted for in the capital section of the fund.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the water, sewer and recreation utility fund(s). The Township's infrastructure is not reported in the account group.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Mount Olive follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Utility Rents/Receivables** - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

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

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals** - Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Mount Olive has developed a fixed assets accounting and reporting system.

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

Fixed Assets are stated as follows:

Land	Assessed Value
Buildings and Building Improvements	Assessed Valuation
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water, sewer and recreational utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds (Except for Open Space and the Sewer Assessment Trust Funds)  
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Township Council increased the original Current Fund budget by \$418,961 and \$201,789, respectively. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2013 and 2012.

**NOTE 3 DEPOSITS AND INVESTMENTS**

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**A. Deposits**

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Township's deposits were \$17,461,205 and \$17,172,069 and bank and brokerage firm balances of the Township's deposits amounted to \$17,678,061 and \$17,401,813, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 17,678,061	\$ 17,401,813

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2013 and 2012, none of the Township's bank balances were exposed to custodial credit risk.

**B. Investments**

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2013 and 2012, the Township had the following investments:

	<u>Fair Value</u>
<u>2013</u>	
Investment:	
Length of Service Awards Program	\$ 1,769,570
	<u>Fair Value</u>
<u>2012</u>	
Investment:	
Length of Service Awards Program	\$ 1,451,686

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$1,769,570 and \$1,451,686 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ <u>1,769,570</u>	\$ <u>1,451,686</u>

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2013 and 2012, the Township’s investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa2 by Moody’s Investors Service.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial. These investments are 100% of the Township’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds and Utility Assessment Trust Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 4 TAXES AND UTILITY RENTS RECEIVABLE**

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<b><u>2013</u></b>				
Property Taxes	\$ 905,423			\$ 905,423
Tax Title Liens	446,072			446,072
Utility Rents	<u>-</u>	<u>\$ 61,369</u>	<u>\$ 205,941</u>	<u>267,310</u>
	<u>\$ 1,351,495</u>	<u>\$ 61,369</u>	<u>\$ 205,941</u>	<u>\$ 1,618,805</u>

In 2013, the Township collected \$1,058,075 and \$264,467 from the adjusted delinquent taxes and utility rents, which represented 73%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2012.

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<b><u>2012</u></b>				
Property Taxes	\$ 1,046,468			\$ 1,046,468
Tax Title Liens	399,434			399,434
Utility Rents	<u>-</u>	<u>\$ 73,664</u>	<u>\$ 190,803</u>	<u>264,467</u>
	<u>\$ 1,445,902</u>	<u>\$ 73,664</u>	<u>\$ 190,803</u>	<u>\$ 1,710,369</u>

In 2012, the Township collected \$972,794 and \$422,889 from delinquent taxes and utility rents, which represented 71%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2011.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 5 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>
<b>Current Fund</b>				
Cash Surplus	\$ 3,932,600	\$ 2,632,405	\$ 2,852,754	\$ 1,975,000
Non-Cash Surplus	<u>29,277</u>	<u>-</u>	<u>29,040</u>	<u>-</u>
	<u>\$ 3,961,877</u>	<u>\$ 2,632,405</u>	<u>\$ 2,881,794</u>	<u>\$ 1,975,000</u>
<b>Water Utility Operating Fund</b>				
Cash Surplus	\$ 393,838	\$ 40,000	\$ 304,862	\$ 119,202
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 393,838</u>	<u>\$ 40,000</u>	<u>\$ 304,862</u>	<u>\$ 119,202</u>
<b>Sewer Utility Operating Fund</b>				
Cash Surplus	\$ 1,265,982	\$ 544,176	\$ 1,247,541	\$ 347,357
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,265,982</u>	<u>\$ 544,176</u>	<u>\$ 1,247,541</u>	<u>\$ 347,357</u>
<b>Solid Waste Collection District</b>				
Cash Surplus	\$ 536,211	\$ 150,731	\$ 552,860	\$ 241,820
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 536,211</u>	<u>\$ 150,731</u>	<u>\$ 552,860</u>	<u>\$ 241,820</u>
<b>Recreation Utility Fund</b>				
Cash Surplus	\$ 69,649	\$ 48,000	\$ 47,697	\$ 33,500
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,649</u>	<u>\$ 48,000</u>	<u>\$ 47,697</u>	<u>\$ 33,500</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 6 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance January 1, 2013	Additions	Retirements	Balance, December 31, 2013
<b><u>2013</u></b>				
Land	\$ 25,204,500	\$ 265,300		\$ 25,469,800
Buildings and Building Improvements	12,061,000	8,200	\$ -	12,069,200
Machinery and Equipment	<u>16,787,035</u>	<u>3,773,885</u>	<u>1,106,820</u>	<u>19,454,100</u>
	<u>\$ 54,052,535</u>	<u>\$ 4,047,385</u>	<u>\$ 1,106,820</u>	<u>\$ 56,993,100</u>
	Balance January 1, 2012	Additions	Retirements	Balance, December 31, 2012
<b><u>2012</u></b>				
Land	\$ 20,927,400	\$ 4,277,100		\$ 25,204,500
Buildings and Building Improvements	12,248,200		\$ 187,200	12,061,000
Machinery and Equipment	<u>16,161,892</u>	<u>988,192</u>	<u>363,049</u>	<u>16,787,035</u>
	<u>\$ 49,337,492</u>	<u>\$ 5,265,292</u>	<u>\$ 550,249</u>	<u>\$ 54,052,535</u>

**B. Water Utility Fund Fixed Assets**

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2013 and 2012.

	Balance January 1, 2013	Additions	Reductions	Balance, December 31, 2013
<b><u>2013</u></b>				
Fixed Capital				
System and System Improvements	<u>\$ 6,647,233</u>	<u>\$ 537,152</u>	<u>\$ -</u>	<u>\$ 7,184,385</u>
	Balance January 1, 2012	Additions	Reductions	Balance, December 31, 2012
<b><u>2012</u></b>				
Fixed Capital				
System and System Improvements	<u>\$ 5,850,064</u>	<u>\$ 797,169</u>	<u>\$ -</u>	<u>\$ 6,647,233</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 6 FIXED ASSETS (Continued)**

**C. Sewer Utility Fund Fixed Assets**

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
Sewer Coll. & Treatment System	\$ 24,476,290			\$ 24,476,290
Construction of Sewer Connection	1,508,302			1,508,302
MSA Capital Charges	675,018			675,018
Refunding Bond Ordinances	5,130,142			5,130,142
Pump Station Improvements	266,060			266,060
Various Improvements	668,722	\$ 85,580		754,302
Vehicles and Equipment	303,026	-	-	303,026
	<u>\$ 33,027,560</u>	<u>\$ 85,580</u>	<u>\$ -</u>	<u>\$ 33,113,140</u>

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Fixed Capital				
Sewer Coll. & Treatment System	\$ 24,476,290			\$ 24,476,290
Construction of Sewer Connection	1,508,302			1,508,302
MSA Capital Charges	675,018			675,018
Refunding Bond Ordinances	5,130,142			5,130,142
Pump Station Improvements	266,060			266,060
Various Improvements	639,267	\$ 29,455		668,722
Vehicles and Equipment	303,026	-	-	303,026
	<u>\$ 32,998,105</u>	<u>\$ 29,455</u>	<u>\$ -</u>	<u>\$ 33,027,560</u>

**D. Recreation Utility Fund Fixed Assets**

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
Various Equipment & Improvements	\$ 2,595	\$ -	\$ -	\$ 2,595

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Fixed Capital				
Various Equipment & Improvements	\$ 2,595	\$ -	\$ -	\$ 2,595

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 23,245,598	\$ 24,287,504
Water Utility		
Bonds and Loans	646,396	912,483
Sewer Utility		
Bonds and Loans	1,537,332	1,962,558
Sewer Utility Assessment		
Bonds and Loans	<u>1,179,815</u>	<u>2,794,601</u>
	26,609,141	29,957,146
Less: Funds Temporarily Held to Pay Bonds and Notes	<u>650,883</u>	<u>2,478,906</u>
Net Debt Issued	<u>25,958,258</u>	<u>27,478,240</u>
Authorized But Not Issued		
General		
Bonds and Notes	273,075	372,517
Water Utility		
Bonds and Notes	353,946	224,251
Sewer Utility		
Bonds and Notes	<u>500</u>	<u>500</u>
	<u>627,521</u>	<u>597,268</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 26,585,779</u>	<u>\$ 28,075,508</u>

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .72% and .72% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2013</u></b>			
General Debt	\$ 23,518,673	\$ 225,000	\$ 23,293,673
School Debt	48,635,000	48,635,000	
Utility Debt	<u>3,717,989</u>	<u>3,717,988</u>	<u>-</u>
Total	<u>\$ 75,871,662</u>	<u>\$ 52,577,988</u>	<u>\$ 23,293,673</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2012</u></b>			
General Debt	\$ 24,660,021	\$ 300,000	\$ 24,360,021
School Debt	51,575,000	51,575,000	
Utility Debt	<u>5,894,393</u>	<u>5,894,393</u>	<u>-</u>
Total	<u>\$ 82,129,414</u>	<u>\$ 57,769,393</u>	<u>\$ 24,360,021</u>

**Statutory Borrowing Power**

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 111,786,206	\$ 116,978,662
Net Debt	<u>23,293,673</u>	<u>24,360,021</u>
Remaining Borrowing Power	<u>\$ 88,492,533</u>	<u>\$ 92,618,641</u>

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

The Township's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$1,430,000, 2005 Bonds, due in annual installments of \$160,000 through April 1, 2015, interest at 3.375% to 3.75%	\$ 320,000	\$ 480,000
\$7,190,000, 2005 Refunding Bonds, due in annual installments of \$200,000 to \$760,000 through February 15, 2019, interest at 3.625% to 5.00%	3,900,000	4,615,000
\$3,279,000, 2006 Bonds, due in annual installments of \$229,000 to \$230,000 through May 15, 2021, interest at 4.00% to 4.10%	1,839,000	2,069,000
\$3,405,000, 2007 Bonds, due in annual installments of \$225,000 to \$230,000 through March 15, 2017 at 3.75%	915,000	1,140,000

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

	<u>2013</u>	<u>2012</u>
\$1,372,000, 2008 Bonds, due in annual installments of \$377,000 through September 1, 2013 at 3.00%		\$ 377,000
\$4,105,000, 2009 Refunding Bonds, due in annual installments of \$590,000 through February 15, 2016 at 4.00%	\$ 1,770,000	2,360,000
\$1,537,000, 2011 Bonds, due in annual installments of \$150,000 to \$200,000 through April 15, 2020 at 3.00% to 3.50%	1,307,000	1,437,000
\$575,000, 2011 Refunding Bonds, due in annual installments of \$175,000 through April 15, 2014 at 3.00%	175,000	375,000
\$1,460,000, 2011 Refunding Bonds, due in annual installments of \$240,000 to \$250,000 through April 15, 2017 at 3.00%	980,000	1,220,000
\$3,815,000, 2012 Refunding Bonds, due in annual installments of \$365,000 to \$685,000 through February 15, 2019 at 2.00% through 4.00%	3,125,000	3,815,000
\$4,603,000, 2012 Bonds, due in annual installments of \$500,000 to \$650,000 through November 1, 2020 at 2.00%	<u>4,278,000</u>	<u>4,603,000</u>
	<u>\$ 18,609,000</u>	<u>\$ 22,491,000</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Utility Bonds**

The Township pledges revenue from operations to pay debt service on utility bonds issued. The sewer and water utility bonds outstanding at December 31 are as follows:

**Sewer Utility Bonds**

The Township pledges revenue from operations to pay debt service on utility bonds issued. Sewer utility bonds outstanding at December 31 are as follows:

<b>Sewer Capital Fund</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
\$2,957,000, 2005 Refunding Bonds, due in annual installments of \$135,000 to \$335,000 through August 15, 2018, interest at 3.25% to 5.00%	\$ 1,262,000	\$ 1,597,000
\$142,000, 2012 Bonds, due in annual installments of \$30,000 to \$32,000 through November 1, 2017, interest at 2.00%	<u>122,000</u>	<u>142,000</u>
Total Sewer Capital Fund	<u>1,384,000</u>	<u>1,739,000</u>
 <b>Sewer Assessment Trust Fund</b>		
\$668,000, 2005 Bonds, due in annual installments of \$95,000 to \$98,000 through August 15, 2016, interest at 3.25% to 5.00%	288,000	383,000
\$700,000, 2012 Bonds, due in annual installments of \$140,000 November 1, 2017, interest at 2.00%	<u>560,000</u>	<u>700,000</u>
Total Sewer Assessment Trust Fund	<u>848,000</u>	<u>1,083,000</u>
Total Sewer Utility Bonds	<u>\$ 2,232,000</u>	<u>\$ 2,822,000</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

	<u>2013</u>	<u>2012</u>
<b>Water Utility Bonds</b>		
\$757,000, 2008 Bonds, due in annual installments of \$207,000 through September 1, 2013, interest at 3.00%		\$ 207,000
\$333,000, 2012 Bonds, due in annual installments of \$70,000 to \$75,000 through November 1, 2017, interest at 2.00%	\$ 293,000	333,000
Total Water Utility Bonds	<u>\$ 293,000</u>	<u>\$ 540,000</u>

**Garden State Preservation Trust Loan Payable**

The Township has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the Turkey Brook Park Development Project in the Township for recreational and conservation purposes. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2013</u>	<u>2012</u>
\$500,000, 2002 Loan due in semi-annual installments of \$12,997 to \$15,392 through July 2022, interest at 2.00%	\$ 254,925	\$ 280,533

**Green Trust Loan Payable**

The Township has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the acquisition and condemnation of land in the Township for recreational and conservation purposes. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balances outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2013</u>	<u>2012</u>
\$1,884,294, 1996 Loan due in semi-annual installments of \$57,513 to \$59,256 through December, 2015, interest at 2.00%	\$ 233,523	\$ 346,846

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Wastewater Loans Payable**

The Township has entered into three loan agreements with the New Jersey Department of Environmental Protection and Energy Fund and the New Jersey Wastewater Treatment Trust for the financing relating to the cost of the Township's Wastewater Treatment System Projects. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued in the General Capital Fund and pledges and utilizes sewer fees to pay debt service in the Sewer Utility Capital Fund. The loan balances outstanding at December 31, which is included in the General Capital Fund and Sewer Utility Fund, are as follows:

	<u>2013</u>	<u>2012</u>
\$21,024,543, 1993 Loan due in semi-annual installments of through February 2013		\$ 1,117,820
\$7,001,920, 1995 Loan due in semi-annual installments of \$4,377 to \$456,119 through August 2015, interest at 4.6% to 5.25%	\$ 913,589	1,454,030
\$1,231,851, 1996 Loan due in semi-annual installments of \$13,332 to \$50,000 through August 2016, interest at 5.0% to 5.25%	<u>153,332</u>	<u>223,558</u>
	<u>\$ 1,066,921</u>	<u>\$ 2,795,408</u>

	<u>2013</u>	<u>2012</u>
General Capital Fund	\$ 581,774	\$ 860,249
Sewer Utility Fund	<u>485,147</u>	<u>1,935,159</u>
	<u>\$ 1,066,921</u>	<u>\$ 2,795,408</u>

**New Jersey Environmental Infrastructure Trust (NJEIT)**

The Township has entered into a loan agreement with the NJEIT for water supply system improvements . The Township pledges water utility fees to pay debt service in the Water Utility Capital Fund. The loan balances in the Water Utility Capital Fund at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$382,200, 2011 Loan due in semi-annual installments of \$4,858 to \$15,798 through August 2031, interest at .22% to 3.14%	<u>\$ 353,396</u>	<u>\$ 372,483</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**EDA Loan Payable**

The Township has entered into a loan agreement with the New Jersey Economic Development Authority through the UST Petroleum Remediation, Upgrade and Closure Fund for the financing relating to the improvement of Township property. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2013</u>	<u>2012</u>
\$88,760, 2003 Loan due in annual installments of \$8,876 through June 2013, interest at 0.00%	\$ -	\$ 8,876
	<u>\$ -</u>	<u>\$ 8,876</u>

**Loan Revenue Bonds (MCIA)**

The Township has entered into a loan agreement with the Morris County Improvement Authority for the financing relating to the funding of the Township's early retirement incentive pension program. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2013</u>	<u>2012</u>
\$650,000 2003 Loan due in annual installments of \$45,000 to \$95,000 through February 2016, interest at 1.75% to 5.75%	\$ 225,000	\$ 300,000

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General</u>		<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 4,210,253	\$ 614,750	\$ 89,097	\$ 7,610	\$ 822,895	\$ 98,543	\$ 5,843,148
2015	4,137,816	472,394	94,113	6,194	812,252	66,037	5,588,806
2016	3,617,184	331,873	94,135	4,673	640,000	35,490	4,723,355
2017	2,662,730	228,583	92,161	3,146	307,000	14,240	3,307,860
2018	2,203,288	150,213	19,196	1,651	135,000	5,400	2,514,748
2019-2023	3,072,951	115,373	96,898	7,340			3,292,562
2024-2028			99,361	4,877			104,238
2029-2031	-	-	61,435	1,110	-	-	62,545
Total	<u>\$ 19,904,222</u>	<u>\$ 1,913,186</u>	<u>\$ 646,396</u>	<u>\$ 36,601</u>	<u>\$ 2,717,147</u>	<u>\$ 219,710</u>	<u>\$ 25,437,262</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Township's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
General Capital Fund					
Bonds Payable	\$ 22,491,000	\$ -	\$ 3,882,000	\$ 18,609,000	\$ 3,695,000
Intergovernmental Loans Payable	<u>1,796,504</u>	<u>-</u>	<u>501,282</u>	<u>1,295,222</u>	<u>515,253</u>
General Capital Fund Long-Term Liabilities	<u>\$ 24,287,504</u>	<u>\$ -</u>	<u>\$ 4,383,282</u>	<u>\$ 19,904,222</u>	<u>\$ 4,210,253</u>
Water Utility Capital Fund					
Bonds Payable	\$ 540,000		\$ 247,000	\$ 293,000	\$ 70,000
Intergovernmental Loans	<u>372,483</u>	<u>\$ -</u>	<u>19,087</u>	<u>353,396</u>	<u>19,097</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 912,483</u>	<u>\$ -</u>	<u>\$ 266,087</u>	<u>\$ 646,396</u>	<u>\$ 89,097</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 1,739,000		\$ 355,000	\$ 1,384,000	\$ 365,000
Intergovernmental Loans	<u>223,558</u>	<u>-</u>	<u>70,226</u>	<u>153,332</u>	<u>58,332</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 1,962,558</u>	<u>\$ -</u>	<u>\$ 425,226</u>	<u>\$ 1,537,332</u>	<u>\$ 423,332</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 1,083,000		\$ 235,000	\$ 848,000	\$ 235,000
Intergovernmental Loans	<u>1,711,601</u>	<u>-</u>	<u>1,379,786</u>	<u>331,815</u>	<u>164,563</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 2,794,601</u>	<u>\$ -</u>	<u>\$ 1,614,786</u>	<u>\$ 1,179,815</u>	<u>\$ 399,563</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund					
Bonds Payable	\$ 21,481,000	\$ 8,418,000	\$ 7,408,000	\$ 22,491,000	\$ 3,882,000
Intergovernmental Loans Payable	<u>2,274,701</u>	<u>-</u>	<u>478,197</u>	<u>1,796,504</u>	<u>501,282</u>
General Capital Fund Long-Term Liabilities	<u>\$ 23,755,701</u>	<u>\$ 8,418,000</u>	<u>\$ 7,886,197</u>	<u>\$ 24,287,504</u>	<u>\$ 4,383,282</u>
Water Utility Capital Fund					
Bonds Payable	\$ 597,000	\$ 333,000	\$ 390,000	\$ 540,000	\$ 247,000
Intergovernmental Loans	<u>382,200</u>	<u>-</u>	<u>9,717</u>	<u>372,483</u>	<u>19,087</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 979,200</u>	<u>\$ 333,000</u>	<u>\$ 399,717</u>	<u>\$ 912,483</u>	<u>\$ 266,087</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 1,932,000	\$ 142,000	\$ 335,000	\$ 1,739,000	\$ 355,000
Intergovernmental Loans	<u>295,068</u>	<u>-</u>	<u>71,510</u>	<u>223,558</u>	<u>70,226</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 2,227,068</u>	<u>\$ 142,000</u>	<u>\$ 406,510</u>	<u>\$ 1,962,558</u>	<u>\$ 425,226</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 478,000	\$ 700,000	\$ 95,000	\$ 1,083,000	\$ 235,000
Intergovernmental Loans	<u>3,989,516</u>	<u>-</u>	<u>2,277,915</u>	<u>1,711,601</u>	<u>1,379,786</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 4,467,516</u>	<u>\$ 700,000</u>	<u>\$ 2,372,915</u>	<u>\$ 2,794,601</u>	<u>\$ 1,614,786</u>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Township's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<b><u>2013</u></b>						
<b><u>General Capital Fund</u></b>						
Various Improvements	1.25%	10/24/2014		\$ 170,000		\$ 170,000
Various Municipal						
Building Improvements	1.25%	10/24/2014		19,000		19,000
Various Improvements	1.25%	10/24/2014		1,231,000		1,231,000
Dan Jordan Field Improvements	1.25%	10/24/2014		21,376		21,376
Various Improvements	1.25%	10/24/2014	-	1,900,000	-	1,900,000
<b>Total Bond Anticipation Notes Payable</b>			<b>\$ -</b>	<b>\$ 3,341,376</b>	<b>\$ -</b>	<b>\$ 3,341,376</b>

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
<u>2012</u>						
<u>General Capital Fund</u>						
Various Improvements	1.30%	12/28/2012	\$ 11,245		\$ 11,245	
Various Improvements	1.30%	12/28/2012	60,000		60,000	
Various Improvements	1.30%	12/28/2012	98,746		98,746	
Resurfacing of Wolfe Road	1.30%	12/28/2012	7,752		7,752	
Clover Hill Road Resurfacing	1.30%	12/28/2012	99,000		99,000	
Various Improvements	1.30%	12/28/2012	456,275		456,275	
Clover Hill Road Resurfacing	1.30%	12/28/2012	17,000		17,000	
Acquisition of Mobi-Matt	1.30%	12/28/2012	13,847		13,847	
River Road Emergency Repairs	1.30%	12/28/2012	123,500	-	123,500	-
<b>Total Bond Anticipation Notes Payable</b>			<b>\$ 887,365</b>	<b>\$ -</b>	<b>\$ 887,365</b>	<b>\$ -</b>

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**NOTE 8 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>2013</u> <u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
Design and Construction of Fuel Depot	\$ 16,035	2014
Improvement of the Indian Spring Well House	46,227	2014
HVAC Re-Commissioning Project	80,905	2014
Furnishing and Installation of Security System	116,000	2014
Refurbish of Engine 53	105,272	2014
Cloverhill Wastewater Treatment Plant	250,082	2014

<u>2012</u> <u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
Design and Construction of Fuel Depot	\$ 16,035	2013
Flanders Well No. 2 Upgrade Project	14,216	2013
Exterior Restoration	80,631	2013
Improvement of the Indian Spring Well House	535,400	2013

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,357,588 and \$3,342,182 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

On April 30, 2002 the Township adopted an ordinance establishing an accumulated absence benefit fund to reserve funds to meet obligations that arise as a result of compensatory time that has accrued and is due upon retirement.

As of December 31, 2013 and 2012, the Township has reserved in the Other Trust Fund \$57,862 and \$-0-, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

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

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation (Continued)**

- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rates 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.0 percent and \$12.8 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases, which vary by fund and are presented on the following pages.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**Annual Pension Cost (APC)**

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2013, 2012 and 2011, the Township was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2013	\$ 1,213,065	\$ 678,853	\$ 960
2012	1,218,064	712,902	4,378
2011	1,336,076	621,214	281

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Township.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2013.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**State Health Benefits Program Funds (HBPF) – Local Government** (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$112.6 million for 8,810 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$36.6 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Township's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2013, 2012 and 2011 were \$802,784, \$573,477 and \$450,281, respectively, which equaled the required contributions for each year.

**NOTE 12 RISK MANAGEMENT**

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Mount Olive is a member of the Morris County Municipal Joint Insurance Fund (MJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The MJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12 RISK MANAGEMENT (Continued)**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ -	\$ 235,922	\$ 239,838	\$ 106,013
2012	20,000	320,210	320,248	109,929
2011	100,000	217,053	242,402	89,967

**NOTE 13 CONTINGENT LIABILITIES**

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township’s Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2013 and 2012, the Township reserved \$83,533 and \$85,425, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**Federal and State Awards** - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14 FEDERAL ARBITRAGE REGULATIONS**

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Township has calculated and determined there is no arbitrage earnings due to the IRS.

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Township of Mount Olive Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 24, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Mount Olive approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Companies and the rescue squads come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Mount Olive has contributed \$1,548 and \$1,544 for 2013 and 2012, respectively, for each eligible volunteer fire company and rescue squad member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln National Life Insurance Company is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Funds.

**NOTE 16 SUBSEQUENT EVENTS**

**Debt Authorized**

Through May, 2014 the Township adopted two General Capital Fund and one Water Capital Fund bond ordinances authorizing the issuance of \$4,797,816 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

**CURRENT FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CURRENT CASH - TREASURER**

	<u>Current Fund</u>	<u>State and Federal Grant Fund</u>
Balance, December 31, 2012	\$ 4,508,708	\$ 28,693
Increased by Receipts:		
Taxes Receivable	\$ 93,814,801	
Non-Budget Revenues	456,651	
State of NJ - Senior Citizens' and Vet. Deductions	119,408	
Revenue Accounts Receivable	4,912,645	
Fees Payable	3,000	
Prepaid Taxes	306,114	
Receipts from Open Space Trust Fund	686,851	
Receipts from General Capital Fund	50,685	
Reserve for Outside Lienholders	847,731	
Budget Refunds	820,367	
Grants Receivable		294,973
Tax Overpayments	99,341	
Miscellaneous Reserves and Deposits	866,300	
	<u>102,983,894</u>	<u>294,973</u>
	107,492,602	323,666
Decreased by Disbursements:		
2013 Budget Appropriations	25,328,564	
2012 Appropriation Reserves	372,507	
Refund of Prior Year Revenue	1,680	
Miscellaneous Reserves and Deposits	527,300	
Reserve for Outside Lienholders	847,731	
Encumbrances Payable		157,878
Reserve for Grants Appropriated		99,143
Fees Payable	3,300	
County Taxes Payable	8,112,674	
Local District School Taxes Payable	63,669,713	
Sanitation District Taxes Payable	1,903,957	
Open Space Trust Taxes Payable	590,684	
Reserve for Tax Appeals	1,892	
Tax Overpayments	99,341	
	<u>101,459,343</u>	<u>257,021</u>
Balance, December 31, 2013	<u>\$ 6,033,259</u>	<u>\$ 66,645</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CASH - CHANGE FUNDS**

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Tax Collector	\$ 900	\$ 900
Planning	50	50
Water and Sewer	100	100
Police Department	50	50
Recreation	50	50
Municipal Court	200	200
Buildings/Construction	100	100
Sanitation	50	50
Municipal Beach	50	50
Township Clerk	<u>50</u>	<u>50</u>
	<u>\$ 1,600</u>	<u>\$ 1,600</u>

EXHIBIT A-6

**STATEMENT OF DUE FROM THE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2012		\$ 29,040
Increased by:		
Veterans Deductions Per Tax Billings - 2013	\$ 100,500	
Senior Citizen Deductions Per Tax Billings - 2013	20,250	
Senior Citizen Deductions Allowed Per Tax Collector-2013	250	
Veterans Deductions Allowed Per Tax Collector - 2013	<u>2,500</u>	
		<u>123,500</u>
		152,540
Decreased by:		
Cash Received	119,408	
Senior Citizen Deductions Disallowed Per Tax Collector-2013	1,000	
Veterans Deductions Disallowed Per Tax Collector-2013	500	
Senior Citizen Deductions Disallowed Per Tax Collector-2012	<u>2,355</u>	
		<u>123,263</u>
Balance, December 31, 2013		<u>\$ 29,277</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF TAXES RECEIVABLE**

Year	Balance, December 31,	2013 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collections		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31,
	2012			2012	2013	2012	2013			2013
2010	\$ 5,913				\$ 5,913					
2011	28,257					28,255		\$ 2		
2012	<u>1,012,298</u>	-	\$ 16,233	\$ 2,355	-	1,023,907	-	-	-	\$ 6,979
	1,046,468	-	16,233	2,355	-	1,058,075	-	2	-	6,979
2013	-	\$ 94,121,939	-	1,500	\$ 248,332	92,756,726	\$ 123,500	42,108	\$ 54,329	898,444
	<u>\$ 1,046,468</u>	<u>\$ 94,121,939</u>	<u>\$ 16,233</u>	<u>\$ 3,855</u>	<u>\$ 248,332</u>	<u>\$ 93,814,801</u>	<u>\$ 123,500</u>	<u>\$ 42,110</u>	<u>\$ 54,329</u>	<u>\$ 905,423</u>

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 93,533,421
Added Taxes	<u>588,518</u>
	<u>\$ 94,121,939</u>
Tax Levy	
County Taxes (Abstract)	\$ 7,698,019
Due County for Added and Omitted Taxes	52,076
County Open Space Preservation	<u>362,579</u>
	\$ 8,112,674
Local District School Tax (Abstract)	63,669,713
Local Sanitation District	1,903,007
Local Sanitation District - Added Taxes	<u>950</u>
	1,903,957
Local Open Space Levy	586,851
Local Open Space Levy-Added Taxes	<u>3,833</u>
	590,684
Local Tax for Municipal Purposes	18,228,311
Minimum Library Tax	1,065,422
Add Additional Tax Levied	<u>551,178</u>
	<u>19,844,911</u>
	<u>\$ 94,121,939</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2012		\$ 399,434
Increased by:		
Added Tax Title Liens	\$ 3,263	
Transfers from Taxes Receivable	<u>54,329</u>	
		<u>57,592</u>
		457,026
Decreased by:		
Transferred to Foreclosed Property		<u>10,954</u>
Balance, December 31, 2013		<u>\$ 446,072</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)**

Balance, December 31, 2012		\$ 4,890,894
Increased by:		
Transfer from Tax Title Liens	\$ 10,954	
Adjustment to Assessed Valuation	<u>75,346</u>	
		<u>86,300</u>
Balance, December 31, 2013		<u>\$ 4,977,194</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Township Clerk				
Licenses				
Alcoholic Beverages		\$ 24,108	\$ 24,108	
Fees and Permits		2,791	2,791	
Board of Health				
Fees and Permits		105,003	105,003	
Registrar				
Fees and Permits		3,615	3,615	
SMA Clinic, Shots and Screening				
Fees and Permits		24,446	24,446	
Police Department				
Fees and Permits		3,223	3,223	
Tax Search Officer				
Fees and Permits		100	100	
Tax Assessor				
Fees and Permits		580	580	
Engineering				
Fees and Permits		5,400	5,400	
Planning Board				
Fees and Permits		40,842	40,842	
Zoning Board				
Fees and Permits		11,300	11,300	
Water Testing				
Fees and Permits		5,492	5,492	
Municipal Court				
Fines and Costs	\$ 24,859	374,090	370,470	\$ 28,479
Interest and Costs on Taxes		232,279	232,279	
Interest on Investments and Deposits		3,971	3,971	
Water Tower Rental - NYNEX		411,521	411,521	
Interest on Developers' Deposit Fees		3,200	3,200	
Life Hazard Use Fees		27,099	27,099	
Fire Prevention Inspection Fees		77,781	77,781	
Additional Fire Prevention - Chester		26,350	26,350	
Reserve for Garden State Trust Fund		66,707	66,707	
Watershed Moratorium Aid		9,165	9,165	
Consolidated Municipal Property Tax Relief		111,171	111,171	
Energy Receipts Taxes		1,855,060	1,855,060	
Uniform Construction Code Fees	22,926	733,585	717,922	38,589
Interlocal Health Agreement		169,832	169,832	
Interlocal Court Agreement		52,020	52,020	
Interlocal Animal Control Agreement		9,530	9,530	
Cable TV Franchise Fee		86,422	86,422	
Hotel Tax Revenues		267,117	267,117	
General Capital Fund Surplus		50,685	50,685	
Due from Open Space Trust Fund - Debt Service		686,851	686,851	
Due from Sports Organizations - Down Payments		48,603	48,603	
Due from Solid Waste Collection District - Debt Service		112,425	112,425	
Due from Mt. Olive Child Care - Lease	-	93,807	93,807	-
	<u>\$ 47,785</u>	<u>\$ 5,736,171</u>	<u>\$ 5,716,888</u>	<u>\$ 67,068</u>
			Cash Receipts	\$ 4,912,645
			Reserve for Garden State Trust Fund	66,707
			General Capital Fund Surplus	50,685
			Due from Open Space Trust Fund Debt Service	<u>686,851</u>
				<u>\$ 5,716,888</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>SALARIES AND WAGES</b>				
General Government				
Business Administration	\$ 691	\$ 691		\$ 691
Financial Administration	674	674		674
Assessment of Taxes	76	76		76
Engineering Services and Costs	677	677		677
Planning Board	215	215		215
Public Safety				
Police	16,659	14,659		14,659
Emergency Management	1	1		1
Fire Prevention	698	698		698
Streets and Roads				
Road Repairs and Maintenance	3,672	3,672		3,672
Buildings and Grounds	2,041	2,041		2,041
Health and Human Services				
Board of Health	8,703	8,703		8,703
Division of Senior Social Services	220	220		220
Code Enforcement - Inspection of Buildings	648	648		648
Municipal Court	2,622	2,622		2,622
<b>OTHER EXPENSES</b>				
Mayor and Council	842	2,195	\$ 1,284	911
Township Clerk	654	4,867	4,099	768
Business Administration	3,162	4,110	970	3,140
Financial Administration	437	13,792	13,346	446
Annual Audit	3,139	5,639		5,639
Revenue Administration	32	1,034	975	59
Assessment of Taxes	2,684	10,152	6,083	4,069
Legal Services & Costs		29,616	22,257	7,359
Engineering Services and Costs	2,017	4,661	642	4,019
Industrial and Economic Development Committee	465	465		465
Pride Committee	75	2,488	2,331	157
Open Space Committee	120	225	105	120
Information Technology Support	5,500	7,763	2,263	5,500
Planning Board	885	7,791	4,890	2,901
Public Safety				
Police	1,471	42,281	39,640	2,641
Emergency Management System	1,045	1,045	1,045	-
Fire				
Budd Lake Fire Company	30	5,224		5,224
Fire Hydrant Rental	337	805	468	337
First Aid Organization				
Flanders Rescue Squad		5,000		5,000
Budd Lake Rescue Squad	91	5,339	5,248	91
Fire Prevention	2,122	2,264	130	2,134
Streets and Roads				
Road Repairs and Maintenance	17,491	91,684	44,628	47,056

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)				
Street Signs	\$ 823	\$ 823		\$ 823
Buildings and Grounds	7,526	26,530	\$ 12,568	13,962
Fleet Maintenance	6,497	11,696	199	11,497
Health and Human Services				
Board of Health	2,854	7,100	3,561	3,539
Environmental Committee		948	948	-
Division of Senior Social Services	1,158	1,171		1,171
Code Enforcement - Inspection of Buildings	1	33,404	33,279	125
Utilities				
Electricity	48,945	69,442	10,128	59,314
Street Lighting	20,592	38,183	19,831	18,352
Gas	6,359	11,709	6,608	5,101
Telecommunications	5,573	12,034	6,278	5,756
Vehicle Fuel	110	15,110	5,082	10,028
Municipal Court	1,492	1,702	203	1,499
Public Defender	50	50		50
Statutory Charges				
Social Security System	10,127	10,127		10,127
Deferred Contribution Retirement Program	1,122	1,122		1,122
Contribution to Library		3,002	3,002	-
Insurance				
Employee Group Health	9,950	9,950		9,950
Length of Service Award Program (LOSAP)	-	125,000	120,416	4,584
	<u>\$ 203,375</u>	<u>\$ 663,140</u>	<u>\$ 372,507</u>	<u>\$ 290,633</u>
Appropriation Reserves		\$ 203,375		
Encumbrances Payable		<u>459,765</u>		
		<u>\$ 663,140</u>		

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ENCUMBRANCES PAYABLE  
CURRENT FUND**

Balance, December 31, 2012	\$	459,765
Increased by:		
Charges to 2013 Appropriations		581,337
		1,041,102
Decreased by:		
Transferred to Appropriation Reserves		459,765
Balance, December 31, 2013	\$	581,337

**STATEMENT OF ENCUMBRANCES PAYABLE  
STATE AND FEDERAL GRANTS FUND**

Balance, December 31, 2012	\$	157,878
Increased by:		
Charges to Appropriated Grant Reserves		132,942
		290,820
Decreased by:		
Cash Disbursements		157,878
Balance, December 31, 2013	\$	132,942

**STATEMENT OF FEES PAYABLE**

Balance, December 31, 2012	\$	300
Increased by:		
Cash Received		3,000
		3,300
Decreased by:		
Cash Disbursed		3,300
Balance, December 31, 2013	\$	-

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$	248,332
Increased by:		
Collection of 2014 Taxes		306,114
		554,446
Decreased by:		
Application to 2013 Taxes Receivable		248,332
Balance, December 31, 2013	\$	306,114

EXHIBIT A-16

**STATEMENT OF RESERVE FOR OUTSIDE LIENHOLDERS**

Balance, December 31, 2012	\$	-
Increased By:		
Cash Receipts		847,731
		847,731
Decreased By:		
Cash Disbursements		847,731
Balance, December 31, 2013	\$	-

EXHIBIT A-17

**STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
2013 Tax Levy	\$	7,698,019
2013 Open Space Preservation		362,579
2013 Added and Omitted Taxes (54:4-63.1 et seq.)		52,076
		\$ 8,112,674
Decreased by:		
Cash Disbursed		\$ 8,112,674

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:	
Levy - Calendar Year 2013	\$ <u>63,669,713</u>
Decreased by:	
Cash Disbursed	\$ <u>63,669,713</u>

EXHIBIT A-19

**STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS**

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Reserve for Tax Sale Premiums	\$ 593,650	\$ 866,300	\$ 528,000	\$ 931,950
Reserve for Garden State Trust Fund	<u>66,707</u>	<u>-</u>	<u>66,707</u>	<u>-</u>
	<u>\$ 660,357</u>	<u>\$ 866,300</u>	<u>\$ 594,707</u>	<u>\$ 931,950</u>
Cash Receipts		\$ 866,300		
Cash Disbursements			\$ 527,300	
Escheated to Township			700	
Utilized as Budget Revenue		<u>-</u>	<u>66,707</u>	
		<u>\$ 866,300</u>	<u>\$ 594,707</u>	

EXHIBIT A-20

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2012	\$ 85,425
Decreased by:	
Cash Disbursed	<u>1,892</u>
Balance, December 31, 2013	<u>\$ 83,533</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF OPEN SPACE PRESERVATION TAXES**

Increased by:			
2013 Tax Levy		\$	586,851
2013 Added Tax Levy			<u>3,833</u>
			<u>\$ 590,684</u>
Decreased by:			
Cash Disbursed to Open Space Trust Fund			<u>\$ 590,684</u>

**STATEMENT OF SANITATION DISTRICT TAXES**

Increased by:			
2013 Tax Levy		\$	1,903,007
2013 Added Tax Levy			<u>950</u>
			<u>\$ 1,903,957</u>
Decreased by:			
Cash Disbursed to Sanitation District Fund			<u>\$ 1,903,957</u>

**STATEMENT OF TAX OVERPAYMENTS**

Increased By:			
Overpayments Received		\$	<u>99,341</u>
Decreased By:			
Cash Disbursements			<u>\$ 99,341</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF RESERVE FOR APPROPRIATED GRANTS AND DONATIONS**  
**FEDERAL AND STATE GRANT FUND**

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Clean Communities Program	\$ 22,265	\$ 57,618	\$ 68,944	\$ 10,939
Alcohol, Education, and Rehab	809		809	-
Click it or Ticket	-	4,000	4,000	-
Recreation Trails Grant	552	24,000	552	24,000
Drunk Driving Enforcement Fund	482	30,077	17,184	13,375
Body Armor Replacement Grant	11,218	5,980	5,742	11,456
Drive Sober or Get Pulled Over	-	4,400	4,400	-
Drive Sober or Get Pulled Over - Year End	3,800		3,800	-
Recycling Tonnage Grant	81,190	71,275	76,488	75,977
NJ Sustainable Grant	-	10,000	1,000	9,000
Bulletproof Vest Partnership	11,245	2,921	3,197	10,969
Donation - Braile Trail	30,000	30,000	41,092	18,908
Donations - Givaudan	-	3,500	3,500	-
Donations - Cablevision	-	2,000	2,000	-
Baptist Church - Phase II		190,216	190,216	-
Historic Preservation - Baptist Church	-	21,800	21,800	-
Donations - Benjamin Moore	-	1,100	1,100	-
	<u>\$ 161,561</u>	<u>\$ 458,887</u>	<u>\$ 445,824</u>	<u>\$ 174,624</u>
Budget Appropriation: State & Federal Grants		<u>\$ 458,887</u>		
Cash Disbursements			\$ 99,143	
Cancelled			213,739	
Encumbrances Payable			<u>132,942</u>	
			<u>\$ 445,824</u>	

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF GRANTS RECEIVABLE  
FEDERAL AND STATE GRANT FUND**

	Balance, December 31, <u>2012</u>	Revenue <u>Realized</u>	<u>Decreased</u>	Balance, December 31, <u>2013</u>
Highlands Council Grant	\$ 158,023		\$ 13,098	\$ 144,925
Clean Communities Program	-	\$ 57,618	57,618	-
Click it or Ticket	-	4,000	4,000	-
Recreation Trails Grant	6,750			6,750
Recreation Trails Grant		24,000		24,000
Recycling Tonnage Grant		71,275	71,275	-
Drunk Driving Enforcement Fund		30,077	30,077	-
Body Armor Replacement Grant	-	5,980	5,980	-
Historic Preservation - Baptist Church		21,800	21,800	-
Baptist Church - Phase II		190,216	190,216	-
Drive Sober or Get Pulled Over	-	4,400	4,400	-
Drive Sober or Get Pulled Over - Year End	4,400		4,400	-
NJ Sustainable Grant - 2012	5,000		5,000	-
NJ Sustainable Grant - 2013		10,000	5,000	5,000
Donation - Braille Trail	30,000	30,000	60,000	-
Donations - Givaudan	-	3,500	3,500	-
Donations - Cablevision	-	2,000	2,000	-
Donations - Baptist Church	67,280		24,177	43,103
Donations - Benjamin Moore	-	1,100	1,100	-
Water Conservation Grant	2,978			2,978
Bullet Proof Vest Partnership	<u>16,315</u>	<u>2,921</u>	<u>5,071</u>	<u>14,165</u>
	<u>\$ 290,746</u>	<u>\$ 458,887</u>	<u>\$ 508,712</u>	<u>\$ 240,921</u>
Original Budget	\$ 39,926			
Chapter 159		<u>418,961</u>		
		<u>\$ 458,887</u>		
Cash Received			\$ 294,973	
Cancelled			<u>213,739</u>	
			<u>\$ 508,712</u>	

**TRUST FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF TRUST CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Open Space Trust Fund</u>	
Balance, December 31, 2012	\$ 6,799	\$ 5,359,448	\$ 225,161	
Increased by Receipts:				
State of New Jersey Dog License Fees Collected	\$ 4,778			
Interest on Investments and Deposits			\$ 86	
Municipal Open Space Tax Levy			590,684	
Payroll and Payroll Deductions		\$ 24,452,102		
Developers Escrow Deposits		996,131		
Miscellaneous Reserves		4,663,032		
Animal Control Fees	48,489			
Current Fund Budget Appropriations	55,775	-		
Contribution	7,500			
Miscellaneous Receipts	-	-	27,560	
	116,542	30,111,265	618,330	
	123,341	35,470,713	843,491	
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	103,366			
Due to State of New Jersey	4,768	235,522		
Open Space Expenditures			49,521	
Payments to Current Fund			686,851	
Payroll and Payroll Deductions		24,450,157		
Developers Escrow Deposits Refunded		538,735		
Miscellaneous Reserves	-	4,120,997	-	
	108,134	29,345,411	736,372	
Balance, December 31, 2013	<u>\$ 15,207</u>	<u>\$ 6,125,302</u>	<u>\$ 107,119</u>	

**TOWNSHIP OF MOUNT OLIVE  
ANIMAL CONTROL FUND  
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2012		\$	6,795
Increased by:			
Current Fund Budget Appropriation		\$	55,775
Contribution			7,500
Animal Control Fees			
Dog License Fees	\$		30,517
Cat License Fees			9,912
Miscellaneous Receipts			120
Impound/Kennel Fees			3,192
Fines			4,748
			<u>48,489</u>
			<u>111,764</u>
Decreased by:			
Expenditures Under R.S. 4:19-15-11			<u>118,559</u>
			<u>103,366</u>
Balance, December 31, 2013		\$	<u><u>15,193</u></u>

**TOWNSHIP OF MOUNT OLIVE  
ANIMAL CONTROL FUND  
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND**

Balance, December 31, 2012	\$	4
Increased by:		
Dog License Fees Collected		<u>4,778</u>
		4,782
Decreased by:		
Payments Made to State of New Jersey		<u>4,768</u>
Balance, December 31, 2013	\$	<u>14</u>

**TOWNSHIP OF MOUNT OLIVE  
OTHER TRUST FUND  
STATEMENT OF DEVELOPERS ESCROW DEPOSITS**

Balance, December 31, 2012	\$	3,968,111
Increased by:		
Cash Receipts		996,131
		4,964,242
Decreased by:		
Cash Disbursements		538,735
Balance, December 31, 2013	\$	4,425,507

EXHIBIT B-7

**OTHER TRUST FUND  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Unemployment Compensation	\$ 109,929	\$ 235,922	\$ 239,838	\$ 106,013
Law Enforcement	14,264	7,505	3,012	18,757
Affordable Housing	1,011,583	3,546,611	3,379,991	1,178,203
DARE Program	637	-	637	-
Off-Duty Police Contributions	58,238	115,003	137,264	35,977
Accumulated Absences		412,727	354,865	57,862
Accumulated Snow Removal	55,244	14	43,615	11,643
POAA	287	52	-	339
Pride Committee	670	-	-	670
Senior Citizens Trust	101	-	101	-
Tot Lot Donations	-	2,000	-	2,000
911 Memorial	-	1,745	-	1,745
Dog Park Donations	301	-	90	211
Detention Basin Contributions	39,696	39,022	39,024	39,694
Municipal Alliance	12,133	35,099	13,313	33,919
Tree Bank Fund	69,341	249,123	133,867	184,597
Food Pantry	9,347	6,906	4,919	11,334
Electronic Fees	3,610	11,303	10,299	4,614
	<u>\$ 1,385,381</u>	<u>\$ 4,663,032</u>	<u>\$ 4,360,835</u>	<u>\$ 1,687,578</u>
Cash Receipts		<u>\$ 4,663,032</u>		
			Cash Disbursements	\$ 4,120,997
			Due to State of New Jersey	239,838
				<u>\$ 4,360,835</u>

**TOWNSHIP OF MOUNT OLIVE  
OTHER TRUST FUND  
STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT COMPENSATION**

Balance, December 31, 2012	\$ 1,387
Increased by:	
Unemployment Claims	<u>239,838</u>
	241,225
Decreased By:	
Cash Disbursements	<u>235,522</u>
Balance, December 31, 2013	<u>\$ 5,703</u>

EXHIBIT B-9

**TOWNSHIP OF MOUNT OLIVE  
OTHER TRUST FUND  
STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS**

Balance, December 31, 2012	\$ 4,569
Increased by:	
Cash Receipts	<u>24,452,102</u>
	24,456,671
Decreased by:	
Cash Disbursements	<u>24,450,157</u>
Balance, December 31, 2013	<u>\$ 6,514</u>

**TOWNSHIP OF MOUNT OLIVE  
OPEN SPACE TRUST FUND  
STATEMENT OF RESERVE FOR OPEN SPACE**

Balance, December 31, 2012		\$ 225,161
Increased by:		
Interest on Investments and Deposits	\$ 86	
Miscellaneous Cash Receipts	27,560	
Municipal Open Space Tax Levy	586,851	
Municipal Open Space Tax Levy - Added Taxes	<u>3,833</u>	
		<u>618,330</u>
		843,491
Decreased by:		
Payments to Current Fund - Debt Service	686,851	
Miscellaneous Cash Disbursements	<u>49,521</u>	
		<u>736,372</u>
Balance, December 31, 2013		<u>\$ 107,119</u>

**GENERAL CAPITAL FUND**

**TOWNSHIP OF MOUNT OLIVE  
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2013</u>
Capital Improvement Fund	\$ 1,698
Encumbrances Payable	462,953
Reserve for Recreation Improvements	37,500
Fund Balance	28,113
Department of Transportation Grant Receivable	(225,000)
Community Development Block Grant Receivable	(25,958)
Due from County of Morris Historic Preservation Trust Fund	(279,257)

Ord.  
No.

Improvement Authorizations

27-00	Construction of New Connector Road	111,085
18-09	Various Improvements	8,949
28-11	Various Improvements	54,720
33-11	Various Improvements	5,581
13-12	Various Improvements	238,596
28-12	Acq. Of Ladder Truck for Budd Lake Fire Department	3
29-12	Various Improvements	89
32-12	Drainage Improvements	152
1-13	Various Improvements	125
4-13	Dan Jordan Field Improvements	(1)
5-13	Various Improvements	622,867
15-13	Trail/Recreation Improvements	10,775
27-13	Various Baptist Church Improvements	211,416
		211,416
		\$ 1,264,406

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2012		\$ 24,287,504
Decreased by:		
2013 Budget Appropriation		
Payment of Bond Principal	\$ 3,882,000	
Payment of Loan Principal:		
Wastewater	\$ 278,475	
EDA	8,876	
Garden State Preservation Trust	25,608	
Morris County Improvement Authority	75,000	
Green Trust	<u>113,323</u>	
	<u>501,282</u>	
		<u>4,383,282</u>
 Balance, December 31, 2013		 <u>\$ 19,904,222</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DEPARTMENT OF TRANSPORTATION GRANT RECEIVABLE**

Balance, December 31, 2012	\$ 58,750
Increased by:	
Grant Awards	225,000
	283,750
Decreased by:	
Cash Receipts	58,750
Balance, December 31, 2013	\$ 225,000
<u>Analysis of Balance</u>	
Ordinance # 5-13	\$ 225,000

**STATEMENT OF DUE FROM COUNTY OF MORRIS HISTORIC  
PRESERVATION TRUST FUND**

Balance, December 31, 2012	\$ 323,360
Increased by:	
Grant Awards	212,016
	535,376
Decreased by:	
Cash Receipts	256,119
Balance, December 31, 2013	\$ 279,257

**STATEMENT OF DUE TO CURRENT FUND**

Increased By:	
Utilized as Current Fund Revenue - Fund Balance	\$ 50,685
Decreased By:	
Cash Disbursements to Current Fund	\$ 50,685

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2012	2013 Authori- zations	Raised in Budget	Authorizations Cancelled	Balance, December 31, 2013	Bond Anticipation Notes	<u>Expenditures</u>	<u>Unexpended Improvement Authori- zations</u>
									<u>Analysis of Balance, December 31, 2013</u>
13-12	Various Improvements	\$ 334,517		\$ 46,525	\$ 52,238	\$ 235,754	\$ 170,000		\$ 65,754
29-12	Various Municipal Building Improvements	38,000			19,000	19,000	19,000		
1-13	Various Improvements		\$ 1,252,100			1,252,100	1,231,000		21,100
4-13	Dan Jordan Field Improvements		34,200		12,823	21,377	21,376	\$ 1	
5-13	Various Improvements	-	2,086,220	-	-	2,086,220	1,900,000	-	186,220
		<u>\$ 372,517</u>	<u>\$ 3,372,520</u>	<u>\$ 46,525</u>	<u>\$ 84,061</u>	<u>\$ 3,614,451</u>	<u>\$ 3,341,376</u>	<u>\$ 1</u>	<u>\$ 273,074</u>
									\$ 1,066,155
									Less: Unexpended proceeds of BAN's
							Ord. 13-12	\$ 170,000	
							Ord. 29-12	89	
							Ord. 1-13	125	
							Ord. 5-13	<u>622,867</u>	
									793,081
									<u>\$ 273,074</u>

TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance, December 31, 2012		2013 Authorizations	Encumbrances Cancelled	Expended	Unfunded Authorizations Cancelled	Funded Authorizations Cancelled	Balance, December 31, 2013	
				Funded	Unfunded						Funded	Unfunded
27-00	Construction of New Connector Road	8/8/00	\$ 3,000,000	\$ 111,085							\$ 111,085	
48-02	BLFD Tank Removal	12/10/02	93,432	27,012						27,012	-	
18-09	Various Improvements	8/21/2009	717,743	9,263			314				8,949	
21-11	Various Improvements	7/12/2011	480,290				1,101			1,101		
28-11	Various Improvements	9/16/2011	137,080	55,783				1,063			54,720	
33-11	Various Improvements	11/22/2011	802,966	45,450				39,869			5,581	
13-12	Various Improvements	4/27/2012	2,638,526	156,728	334,517			134,657	52,238		68,596	\$ 235,754
28-12	Acq. Of Ladder Truck for Budd Lake Fire Department	9/5/2012	50,000				3				3	
29-12	Various Municipal Building Improvements	9/19/2012	40,000		34,725			15,331	19,000	305		89
32-12	Drainage Improvements	10/3/2012	57,500	-	-		152		-	-	152	-
1-13	Various Improvements	2/5/2013	1,318,000			1,318,000		1,296,775				21,225
4-13	Dan Jordan Field Improvements	3/19/2013	36,000			36,000		23,177	12,823			
5-13	Various Improvements	3/19/2013	2,421,025			2,421,025		1,611,938				809,087
15-13	Trail/Recreation Improvements	5/28/2013	15,000			15,000		4,225			10,775	
27-13	Various Baptist Church Improvements	10/22/2013	212,016	-	-	212,016	-	600	-	-	211,416	-
				\$ 405,321	\$ 369,242	\$ 4,002,041	\$ 1,256	\$ 3,127,949	\$ 84,061	\$ 28,418	\$ 471,277	\$ 1,066,155
DOT Grant Receivable						\$ 225,000						
Historic Preservation Trust Fund Grant						212,016						
Reserve for Pocket Parks						15,000						
Capital Improvement Fund						177,505						
Deferred Charges Unfunded						3,372,520						
						\$ 4,002,041						
Encumbrances Payable								\$ 462,953				
Cash Disbursements								2,664,996				
								\$ 3,127,949				
<u>Cancelled</u>												
Fund Balance										\$ 28,113		
Capital Improvement Fund										\$ 305		
										\$ 28,418		



**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2012		\$ 1,393
Increased by:		
Authorizations Cancelled	\$ 305	
2013 Budget Appropriations	<u>177,505</u>	
		<u>177,810</u>
		179,203
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>177,505</u>
Balance, December 31, 2013		<u>\$ 1,698</u>

EXHIBIT C-12

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 1,822,639
Increased by:		
Charges to Improvement Authorizations		<u>462,953</u>
		2,285,592
Decreased by:		
Cancelled	\$ 1,256	
Cash Disbursements	<u>1,821,383</u>	
		<u>1,822,639</u>
Balance, December 31, 2013		<u>\$ 462,953</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DUE FROM GREEN ACRES TRUST**

Balance, December 31, 2012	\$ 45,000
Decreased by:	
Received in 2013	<u>45,000</u>
Balance, December 31, 2013	<u>\$ -</u>

**STATEMENT OF RESERVE FOR POCKET PARKS**

Balance, December 31, 2012	\$ 15,000
Decreased:	
Appropriated to Finance Improvement Authorizations	<u>15,000</u>
Balance, December 31, 2013	<u>\$ -</u>

**STATEMENT OF RESERVE FOR RECREATION IMPROVEMENTS**

Balance, December 31, 2012	<u>\$ 37,500</u>
Balance, December 31, 2013	<u>\$ 37,500</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF WASTEWATER LOANS PAYABLE**

Balance, December 31, 2012	\$ 860,249
Decreased by:	
Paid by Budget Appropriation	<u>278,475</u>
Balance, December 31, 2013	<u>\$ 581,774</u>

**STATEMENT OF EDA LOAN PAYABLE**

Balance, December 31, 2012	\$ 8,876
Decreased by:	
Paid by Budget Appropriation	<u>8,876</u>
Balance, December 31, 2013	<u>\$ -</u>

**STATEMENT OF GREEN TRUST LOAN PAYABLE**

Balance, December 31, 2012	\$ 346,846
Decreased by:	
Paid by Budget Appropriation	<u>113,323</u>
Balance, December 31, 2013	<u>\$ 233,523</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF GARDEN STATE PRESERVATION TRUST LOAN PAYABLE**

Balance, December 31, 2012	\$ 280,533
Decreased by:	
Paid by Budget Appropriation	<u>25,608</u>
Balance, December 31, 2013	<u>\$ 254,925</u>

**STATEMENT OF MORRIS COUNTY IMPROVEMENT AUTHORITY (MCIA)  
LOAN PAYABLE**

Balance, December 31, 2012	\$ 300,000
Decreased by:	
Paid by Budget Appropriation	<u>75,000</u>
Balance, December 31, 2013	<u>\$ 225,000</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Balance December 31, 2013</u>
13-12	Various Improvements	10/24/2013	10/24/2014	1.25%	\$ -	170,000	\$ 170,000
29-12	Various Municipal Building Improvements	10/24/2013	10/24/2014	1.25%		19,000	19,000
1-13	Various Improvements	10/24/2013	10/24/2014	1.25%		1,231,000	1,231,000
4-13	Dan Jordan Field Improvements	10/24/2013	10/24/2014	1.25%		21,376	21,376
5-13	Various Improvements	10/24/2013	10/24/2014	1.25%	<u>-</u>	<u>1,900,000</u>	<u>1,900,000</u>
					<u>\$ -</u>	<u>\$3,341,376</u>	<u>\$ 3,341,376</u>
						<u>Cash Receipts</u>	<u>\$3,341,976</u>

**TOWNSHIP OF MOUNT OLIVE**  
**STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE**

Balance, December 31, 2012	\$ 57,500
Decreased by:	
Cash Receipts	<u>31,542</u>
Balance, December 31, 2013	<u>\$ 25,958</u>
<u>Analysis of Balance</u>	
Ordinance # 32-12	<u>\$ 25,958</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	Improvement Description	Balance, December 31, <u>2012</u>	Increased by		Decreased by		Balance, December 31, <u>2013</u>
			2013 Authorizations	Notes Issued	Raised in Budget	Cancelled	
<u>General Improvements</u>							
13-12	Various Improvements	334,517		\$ 170,000	\$ 46,525	\$ 52,238	\$ 65,754
29-12	Various Municipal Building Improvements	38,000		19,000		19,000	-
1-13	Various Improvements		\$ 1,252,100	1,231,000			21,100
4-13	Dan Jordan Field Improvements		34,200	21,376		12,823	1
5-13	Various Improvements	-	2,086,220	1,900,000	-	-	186,220
		<u>\$ 372,517</u>	<u>\$ 3,372,520</u>	<u>\$ 3,341,376</u>	<u>\$ 46,525</u>	<u>\$ 84,061</u>	<u>\$ 273,075</u>

**WATER UTILITY FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF WATER UTILITY CASH - TREASURER  
WATER UTILITY FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2012	\$ 388,819	\$ 574,740
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,517,579	
Interest on Investments	239	\$ 181
Miscellaneous Fees	93,982	
Appropriation Refunds	2,825	
2013 Budget Appropriation - Capital Improvement Fund		17,000
Grant Proceeds		16,188
Receipts from Water Utility Capital Fund	<u>20,534</u>	<u>-</u>
	<u>1,635,159</u>	<u>33,369</u>
	2,023,978	608,109
Decreased by Disbursements:		
2013 Budget Appropriations	1,405,975	
2012 Appropriation Reserves	46,056	
Accrued Interest on Bonds and Notes	14,630	
Improvement Authorizations		40,572
Encumbrances Payable		525,235
Payments made to Water Utility Operating Fund	<u>                    </u>	<u>20,534</u>
	<u>1,466,661</u>	<u>586,341</u>
Balance, December 31, 2013	<u>\$ 557,317</u>	<u>\$ 21,768</u>

**TOWNSHIP OF MOUNT OLIVE  
ANALYSIS OF WATER CAPITAL CASH  
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2013</u>
Encumbrances Payable	\$ 50,765
Capital Improvement Fund	1,000
Improvement Authorizations:	
25-07 Various Improvements	(300)
26-08 Flanders Well #2	(13,490)
40-08 Various Improvements	(406)
12-12 Upgrades to Indian Spring Well House	7,771
7-13 Various Improvements	<u>(23,572)</u>
	 <u>\$ 21,768</u>

EXHIBIT D-7

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 73,664
Increased by:	
Water Rents Levied	<u>1,505,284</u>
	1,578,948
Decreased by:	
Cash Receipts	<u>1,517,579</u>
Balance, December 31, 2013	<u>\$ 61,369</u>

EXHIBIT D-8

**STATEMENT OF FIXED CAPITAL  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 6,647,233
Increased by:	
Transfers from Fixed Capital Authorized and Uncompleted	<u>537,152</u>
Balance, December 31, 2013	<u>\$ 7,184,385</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ENCUMBRANCES PAYABLE  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 63,104
Increased by:	
Charges to 2013 Budget Appropriations	70,413
	133,517
Decreased by:	
Transfer to Appropriation Reserves	63,104
Balance, December 31, 2013	\$ 70,413

EXHIBIT D-10

**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 3,913
Increased by:	
Charged to 2013 Budget Appropriations	12,423
	16,336
Decreased by:	
Cash Disbursements	14,630
Balance, December 31, 2013	\$ 1,706

EXHIBIT D-11

**STATEMENT OF DUE FROM WATER UTILITY CAPITAL FUND  
WATER UTILITY OPERATING FUND**

Increased by:	
Interest Earned in Water Utility Capital Fund	\$ 181
Decreased by:	
Receipts from Water Utility Capital Fund	\$ 181

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF RESERVE FOR AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012		\$ 6,299,856
Increased by:		
Serial Bonds Paid by Budget	\$ 247,000	
Loans Paid by Budget	19,087	
Transferred from Deferred Reserve for Amortization	21,149	
Grant Proceeds	<u>16,188</u>	
		<u>303,424</u>
Balance, December 31, 2013		<u>\$ 6,603,280</u>

**STATEMENT OF NJEIT LOANS PAYABLE  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012		\$ 372,483
Decreased By:		
2013 Budget Appropriation		<u>19,087</u>
Balance, December 31, 2013		<u>\$ 353,396</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF 2012 APPROPRIATION RESERVES  
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2012</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>OPERATING</b>					
Salaries and Wages	\$ 3,243		\$ 3,243		\$ 3,243
Other Expenses	13,448	\$ 63,104	76,552	\$ 46,056	30,496
<b>STATUTORY EXPENDITURES</b>					
Social Security System	<u>249</u>	<u>-</u>	<u>249</u>	<u>-</u>	<u>249</u>
	<u>\$ 16,940</u>	<u>\$ 63,104</u>	<u>\$ 80,044</u>	<u>\$ 46,056</u>	<u>\$ 33,988</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF GENERAL SERIAL BONDS  
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	Date of <u>Issue</u>	Original <u>Issue</u>	Maturities of Bonds		Interest <u>Rate</u>	Balance, December 31,		Balance, December 31,
			<u>December 31, 2013</u>	<u>Amount</u>		<u>2012</u>	<u>Decreased</u>	<u>2013</u>
Water Improvements	8/20/2008	757,000				\$ 207,000	\$ 207,000	
Water Improvements	10/17/2012	333,000	11/1/2014	70,000	2.000%	333,000	40,000	\$ 293,000
			11/1/2015	75,000	2.000%			
			11/1/2016	75,000	2.000%			
			11/1/2017	73,000	2.000%	-	-	-
						<u>\$ 540,000</u>	<u>\$ 247,000</u>	<u>\$ 293,000</u>
					Budget Appropriation		<u>\$ 247,000</u>	

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Balance, December 31, 2012	2013 Authorizations	Transferred to Fixed Capital	Cancelled	Balance, December 31, 2013
25-07	Various Improvements	\$ 323,277		\$ 299,433		\$ 23,844
26-08	Flanders Well #2	183,827		6,710	\$ 177,117	-
40-08	Various Improvements	118,250		98,757		19,493
19-09	Various Improvements	46,454		35,204		11,250
12-12	Various Improvements	27,880		109		27,771
21-12	Upgrades to Indian Spring Well House	93,818		73,367		20,451
7-13	Various Improvements	-	\$ 340,000	23,572	-	316,428
		<u>\$ 793,506</u>	<u>\$ 340,000</u>	<u>\$ 537,152</u>	<u>\$ 177,117</u>	<u>\$ 419,237</u>

EXHIBIT D-17

**STATEMENT OF ENCUMBRANCES PAYABLE  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 578,565
Decreased by:	
Cancelled to Improvement Authorizations	\$ 2,565
Cash Disbursements	<u>525,235</u>
	<u>527,800</u>
Balance, December 31, 2013	<u>\$ 50,765</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2012		2013 Authorizations	Encumbrances Cancelled	Ordinance Cancelled	Expended	Balance, December 31, 2013	
				Funded	Unfunded					Funded	Unfunded
26-08	Flanders Well #2	5/20/2008	1,000,000		\$ 174,552		\$ 2,565	\$ 177,117			
12-12	Various Improvements	4/27/2012	65,000	\$ 7,771	16,750					\$ 7,771	\$ 16,750
7-13	Various Improvements	3/19/2013	340,000	-	-	\$ 340,000	-	-	\$ 40,572	-	299,428
				<u>\$ 7,771</u>	<u>\$ 191,302</u>	<u>\$ 340,000</u>	<u>\$ 2,565</u>	<u>\$ 177,117</u>	<u>\$ 40,572</u>	<u>\$ 7,771</u>	<u>\$ 316,178</u>
	Capital Improvement Fund					\$ 17,000					
	Deferred Charges to Future Revenue					<u>323,000</u>					
						<u>\$ 340,000</u>					
	Bonds Authorized but Not Issued							<u>\$ 177,117</u>			
	Cash Disbursements								<u>\$ 40,572</u>		

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 1,000
Increased By:	
2013 Budget Appropriation	<u>17,000</u>
	18,000
Decreased By:	
Appropriated to Finance Improvement Authorizations	<u>17,000</u>
Balance, December 31, 2013	<u><u>\$ 1,000</u></u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 4,149
Increased By:	
2013 Improvement Authorizations	<u>17,000</u>
	21,149
Decreased By:	
Transferred to Reserve for Amortization	<u>21,149</u>
Balance, December 31, 2013	<u>\$ -</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2012	2013 Authorizations	Grant Receipts	Cancelled	Balance, December 31, 2013
25-07	Various Improvements	\$ 300				\$ 300
26-08	Flanders Well #2	206,795		\$ 16,188	\$ 177,117	13,490
40-08	Various Improvements	406				406
12-12	Various Improvements	16,750				16,750
7-13	Various Improvements	-	\$ 323,000	-	-	323,000
		<u>\$ 224,251</u>	<u>\$ 323,000</u>	<u>\$ 16,188</u>	<u>\$ 177,117</u>	<u>\$ 353,946</u>

**SEWER UTILITY FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF SEWER UTILITY CASH**

	<u>Operating</u>	<u>Capital</u>	<u>Assessment</u>
Balance, December 31, 2012	\$ 1,477,861	\$ 112,545	\$ 1,778,906
Increased by Receipts:			
Interest on Investments and Deposits	\$ 819		\$ 229
Receipts from Sewer Utility Operating Fund			
Receipts from Sewer Utility Assessment Trust Fund	229		
Consumer Rents Accounts Receivable (Net of Refunds)	3,804,398		
Assessments Receivable			593,424
Other			56,875
Budget Appropriation - SUAT			536,464
Reimbursement from Mount Olive School District	79,990		
Miscellaneous Budget Revenues	72,127		
Interest on Assessments	29,699		
Bonds Payable			
Budget Refunds	276		
	<u>3,987,538</u>	<u>-</u>	<u>-</u>
	5,465,399	112,545	2,965,898
Decreased by Disbursements:			
2013 Budget Appropriations	3,488,417		1,614,786
2012 Appropriation Reserves	89,358		
Improvement Authorizations	-	\$ 45,734	
Reserve to Pay Debt Service			700,000
Accrued Interest on Bond and Notes	131,371		
Due to Sewer Operating Fund	-		229
	<u>3,709,146</u>	<u>45,734</u>	<u>2,315,015</u>
Balance, December 31, 2013	<u>\$ 1,756,253</u>	<u>\$ 66,811</u>	<u>\$ 650,883</u>

**TOWNSHIP OF MOUNT OLIVE  
ANALYSIS OF SEWER CAPITAL CASH  
SEWER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2013</u>
Encumbrances Payable	\$ 36,998
Improvement Authorizations:	
11-12      Various Improvements	<u>29,813</u>
	<u>\$ 66,811</u>

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 190,803
Increased by:	
Sewer Rents Levied	<u>3,819,536</u>
	4,010,339
Decreased by:	
Cash Collections (net of refunds)	<u>3,804,398</u>
Balance, December 31, 2013	<u>\$ 205,941</u>

**STATEMENT OF AMOUNT TO BE RAISED  
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2012	\$ 584
Decreased by:	
Raised in Operating Budget	<u>584</u>
Balance, December 31, 2013	<u>\$ -</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ASSESSMENTS RECEIVABLE  
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2012		\$ 790,688
Decreased by:		
Adjustment to Prospective Assessments Funded	\$ 633	
Cash Receipts for Assessments Receivable (Net of Refunds)	<u>593,424</u>	
		<u>594,057</u>
Balance, December 31, 2013		<u>\$ 196,631</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF PROSPECTIVE ASSESSMENTS FUNDED  
SEWER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Balance December 31, 2012	Increased by Adjustment to Assessment Receivable	Balance December 31, 2013	Balance Pledged To Wastewater Loans
3-92/21-92/ 7-93/16-93/ 10-95/20-95/ 11-97/17-98	Sewer Collection and Treatment System - Budd Lake	\$ 3,107,822	\$ 633	\$ 3,108,455	\$ 3,108,455

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ENCUMBRANCES PAYABLE -  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 92,585
Increased by:	
Charges to 2013 Budget Appropriations	<u>429,861</u>
	522,446
Decreased by:	
Transfer to Appropriation Reserves	<u>92,585</u>
Balance, December 31, 2013	<u>\$ 429,861</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF WASTEWATER LOANS PAYABLE  
SEWER UTILITY FUND**

	Sewer Assessment Trust Fund	Sewer Capital Fund	Total
Balance, December 31, 2012	\$ 1,711,601	\$ 223,558	\$ 1,935,159
Decreased by:			
Repayment of Loans by Assessment Budget	1,379,786		1,379,786
Repayment of Loans by Operating Budget	<u>-</u>	<u>70,226</u>	<u>70,226</u>
	<u>1,379,786</u>	<u>70,226</u>	<u>1,450,012</u>
Balance, December 31, 2013	<u>\$ 331,815</u>	<u>\$ 153,332</u>	<u>\$ 485,147</u>

Analysis of Balance

1995 Loan	\$ 331,815
1996 Loan	<u>153,332</u>
	<u>\$ 485,147</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF APPROPRIATION RESERVES  
SEWER UTILITY OPERATING FUND**

	Balance, December 31, <u>2012</u>	Transferred From Encumbrances Payable	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Salaries and Wages	\$ 4,003		\$ 4,003	\$ -	\$ 4,003
Other Expenses	68,523	\$ 92,585	161,108	89,358	71,750
STATUTORY EXPENDITURES					
Social Security System	<u>306</u>	<u>-</u>	<u>306</u>	<u>-</u>	<u>306</u>
	<u>\$ 72,832</u>	<u>\$ 92,585</u>	<u>\$ 165,417</u>	<u>\$ 89,358</u>	<u>\$ 76,059</u>
		Cash Disbursements		<u>\$ 89,358</u>	

EXHIBIT E-16

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2012</u>	Transferred Fixed <u>Capital</u>	Balance December 31, <u>2013</u>
11-12	Various Improvements	\$ 120,545	\$ 45,734	\$ 74,811
		<u>\$ 120,545</u>	<u>\$ 45,734</u>	<u>\$ 74,811</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2012</u>	Transferred - Fixed Capital Authorized and <u>Uncompleted</u>	Balance, December 31, <u>2013</u>
11-97	Purch. Of 2 Utility Trucks and Sewer Cleaner	\$ 258,149		\$ 258,149
3-92/21-92/11-97	Sewer Coll. And Treatment System	1,020,800		1,020,800
07-93	Sewer Coll. And Treatment System	325,500		325,500
16-93	Sewer Coll. And Treatment System	19,635,575		19,635,575
10-95/20-95	Sewer Coll. And Treatment System	3,494,415		3,494,415
16-96	Construction of Sewer Connection	1,508,302		1,508,302
10-97	Musoncetcong Sewer Auth. Capital Charges	675,018		675,018
12-97	Refunding Bond Ordinance	3,606,000		3,606,000
20-98	Refunding Bond Ordinance	1,524,142		1,524,142
21-01	Acquisition of Dump Truck	15,000		15,000
32-02	Various Improvements	34,111		34,111
N/A	Pump Station Improvements	266,060		266,060
N/A	Acquisition of Pick Up Truck	29,877		29,877
N/A	Various Improvements	120,650		120,650
N/A	Various Improvements - 2007	25,831		25,831
N/A	Various Improvements - 2008	131,064		131,064
N/A	Various Improvements - 2009	113,658		113,658
N/A	Various Improvements - 2009	135,000		135,000
N/A	Various Improvements - 2011	78,953		78,953
11-12	Various Improvements - 2012	29,455	\$ 45,734	75,189
N/A	Various Improvements - 2013	-	39,846	39,846
		<u>\$ 33,027,560</u>	<u>\$ 85,580</u>	<u>\$ 33,113,140</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF RESERVE FOR PROSPECTIVE ASSESSMENTS FUNDED  
SEWER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Balance December 31, <u>2012</u>	Raised in Operating Budget	Balance December 31, <u>2013</u>
3-92/21-92/7-93/16-93/ 10-95/20-95/11-97/17-98	Sewer Collection and Treatment System - Budd Lake	\$ 2,183,399	\$ 535,880	\$ 2,719,279

EXHIBIT E-19

**STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 31,185,047
Increased by:	
2013 Budget Appropriation	
Capital Outlay	\$ 39,846
Bond Principal	355,000
Loan Principal	<u>70,226</u>
	<u>465,072</u>
Balance, December 31, 2013	\$ <u>31,650,119</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2012	\$ 64,903
Increased by:	
Charges to 2013 Budget Appropriations:	
Interest on Bonds and Notes	101,798
	166,701
Decreased by:	
Cash Disbursements	131,371
Balance, December 31, 2013	\$ 35,330
	Serial Bonds \$ 27,818
	Wastewater Loans 7,512
	\$ 35,330

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF SERIAL BONDS  
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Refunding Bonds	5/25/2005	\$ 2,957,000	8/15/14-15	\$ 335,000	3.25-5.00%	\$ 1,597,000	\$ 335,000	\$ 1,262,000
			8/15/16	322,000				
			8/15/17-18	135,000				
Sewer Improvement Bonds	10/17/2012	142,000	11/1/2014	30,000	2.00 %	142,000	20,000	122,000
			11/1/2015	30,000	2.00 %			
			11/1/2016	30,000	2.00 %			
			11/1/2017	32,000	2.00 %	-	-	-
						<u>\$ 1,739,000</u>	<u>\$ 355,000</u>	<u>\$ 1,384,000</u>
							<u>\$ 355,000</u>	

Paid by Budget Appropriation

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF SERIAL BONDS  
SEWER UTILITY ASSESSMENT TRUST FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Refunding Bonds	5/25/2005	\$ 668,000	8/15/14-15	\$ 95,000	3.25-5.00%			
			8/15/16	98,000	3.25-5.00%	\$ 383,000	\$ 95,000	\$ 288,000
Sewer Refunding Bonds	10/17/2012	700,000	11/1/14-17	140,000	2.00 %	<u>700,000</u>	<u>140,000</u>	<u>560,000</u>
						<u>\$ 1,083,000</u>	<u>\$ 235,000</u>	<u>\$ 848,000</u>
					Paid by Budget Appropriation		<u>\$ 235,000</u>	

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DUE TO SEWER OPERATING FUND  
SEWER UTILITY ASSESSMENT TRUST FUND**

Increased by:	
Interest on Investments	\$ <u>229</u>
Decreased by:	
Cash Disbursements	\$ <u>229</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	<u>Ordinance</u>		Balance, <u>December 31, 2012</u>		<u>Expended</u>	Balance, <u>December 31, 2013</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
11-12	Various Improvements	4/27/2012	\$ 150,000	<u>50,913</u>	<u>500</u>	<u>21,100</u>	<u>29,813</u>	<u>\$ 500</u>
				<u>\$ 50,913</u>	<u>\$ 500</u>	<u>\$ 21,100</u>	<u>\$ 29,813</u>	<u>\$ 500</u>

Reserve for Encumbrances \$ 21,100

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ENCUMBRANCES PAYABLE -  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2012	\$ 61,632
Increased by:	
Charges to Improvement Authorizations	<u>21,100</u>
	82,732
Decreased by:	
Cash Disbursements	<u>45,734</u>
Balance, December 31, 2013	<u>\$ 36,998</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY CAPITAL FUND**

Ord.		Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
<u>No.</u>	<u>Improvement Description</u>		
11-12	Various Improvements	\$ 500	\$ 500
		<u>\$ 500</u>	<u>\$ 500</u>

**STATEMENT OF RESERVE TO PAY DEBT SERVICE  
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2012	\$ 700,000
Decreased by:	
Cash Disbursements	<u>700,000</u>
Balance, December 31, 2013	<u>\$ -</u>

**SOLID WASTE COLLECTION DISTRICT FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CASH  
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2012		\$ 745,292
Increased by:		
Budget Revenue	\$ 2,041,167	
Non Budget Revenue	302	
Due from County of Morris	<u>619,547</u>	
		<u>2,661,016</u>
		3,406,308
Decreased by Disbursements:		
2012 Appropriation Reserves	136,292	
2013 Appropriation Expenditures	<u>2,568,424</u>	
		<u>2,704,716</u>
Balance, December 31, 2013		<u>\$ 701,592</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF DUE FROM COUNTY OF MORRIS  
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2012	\$ 56,272
Increased by:	
Host Benefit Fees Realized as Revenue	678,587
	734,859
Decreased by:	
Cash Receipts	619,547
Balance, December 31, 2013	\$ 115,312

**STATEMENT OF 2012 APPROPRIATION RESERVES  
SOLID WASTE COLLECTION DISTRICT FUND**

	Balance December 31, <u>2012</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 23,113		\$ 23,113	\$ -	\$ 23,113
Other Expenses	63,310	\$ 154,351	217,661	132,588	85,073
Recycling Tax	2,870	4,029	6,899	3,704	3,195
Statutory Expenditures:					
Social Security System	1,031	-	1,031	-	1,031
	<u>\$ 90,324</u>	<u>\$ 158,380</u>	<u>\$ 248,704</u>	<u>\$ 136,292</u>	<u>\$ 112,412</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF ENCUMBRANCES PAYABLE  
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2012	\$ 158,380
Increased by:	
Charges to 2013 Budget	<u>209,895</u>
	368,275
Decreased by:	
Transfer to 2012 Appropriation Reserves	<u>158,380</u>
Balance, December 31, 2013	<u>\$ 209,895</u>

**RECREATION UTILITY FUND**

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF CASH  
RECREATION UTILITY FUND**

Balance, December 31, 2012		\$ 118,844
Increased by:		
Budget Revenue	\$ 474,790	
Non Budget Revenue	<u>2,147</u>	
		<u>476,937</u>
		595,781
Decreased by Disbursements:		
2012 Appropriation Reserves	479,379	
2013 Appropriation Expenditures	<u>23,359</u>	
		<u>502,738</u>
Balance, December 31, 2013		<u>\$ 93,043</u>

**STATEMENT OF ENCUMBRANCES PAYABLE  
RECREATION UTILITY FUND**

Balance, December 31, 2012		\$ 26,167
Increased by:		
Charges to 2013 Budget		<u>19,171</u>
		45,338
Decreased by:		
Transfer to Appropriation Reserves		<u>26,167</u>
Balance, December 31, 2013		<u>\$ 19,171</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF 2012 APPROPRIATION RESERVES  
RECREATION UTILITY FUND**

	Balance December 31, <u>2012</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 12,559		\$ 12,559		\$ 12,559
Other Expenses	26,106	\$ 26,167	52,273	\$ 23,359	28,914
Statutory Expenditures:					
Social Security System	<u>6,315</u>	<u>-</u>	<u>6,315</u>	<u>-</u>	<u>6,315</u>
	<u>\$ 44,980</u>	<u>\$ 26,167</u>	<u>\$ 71,147</u>	<u>\$ 23,359</u>	<u>\$ 47,788</u>

**TOWNSHIP OF MOUNT OLIVE  
STATEMENT OF FIXED CAPITAL  
RECREATION UTILITY CAPITAL FUND**

Balance, December 31, 2012	<u>\$ 2,595</u>
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Balance, December 31, 2013	<u>\$ 2,595</u>
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**STATEMENT OF RESERVE FOR AMORTIZATION  
RECREATION UTILITY CAPITAL FUND**

Balance, December 31, 2012	<u>\$ 2,595</u>
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Balance, December 31, 2013	<u>\$ 2,595</u>
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**TOWNSHIP OF MOUNT OLIVE  
MORRIS COUNTY, NEW JERSEY**

**PART II**

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**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## 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 AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Mount Olive  
Mount Olive, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Mount Olive as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2014. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### **Internal Control over Financial Reporting**

Management of the Township of Mount Olive is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Township of Mount Olive's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Mount Olive's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Mount Olive's internal control.

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

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

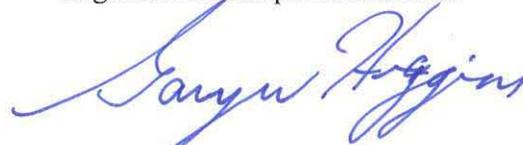
### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
June 23, 2014

**TOWNSHIP OF MOUNT OLIVE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2013**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Received</u>	<u>Balance, December 31, 2012</u>	<u>Revenue Realized</u>	<u>Cancelled</u>	<u>Expenditures</u>	<u>Balance, December 31, 2013</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Environmental Protection									
Recreation Trails Grant	2013	20.219	-		\$ 24,000			\$ 24,000	
	2007	20.219		\$ 552			\$ 552		\$ 6,750
U.S. Dept. of Housing and Urban Development									
Community Development Block Grant	2012	14.218		\$ 57,500			31,542	25,958	31,542
U.S. Dept. of Transportation									
Drunk Driving Enforcement Fund	2013	20.601	30,077	-	30,077		16,702	13,375	16,702
Drunk Driving Enforcement Fund	2011	20.601		482			482		16,761
Click it or Ticket	2013	20.602	3,714	-	4,000	\$ 286	3,714	-	3,714
Drive Sober or Get Pulled Over	2013	20.801	4,097	-	4,400	303	4,097	-	4,096
Drive Sober or Get Pulled Over - Year End	2012	20.801	3,267	3,800		1,133	2,667	-	2,667
Highway Aid - Ord. 5-13	2013	20.205			225,000			\$ 225,000	
Highway Aid - Ord. 13-12	2012	20.205	58,750	58,750	-	-	58,750	-	235,000
				<u>\$ 121,084</u>	<u>\$ 287,477</u>	<u>\$ 1,722</u>	<u>\$ 118,506</u>	<u>\$ 288,333</u>	<u>\$ 317,232</u>

Note - This schedule was not subject to an audit in accordance with OMB Circular A-133.

**TOWNSHIP OF MOUNT OLIVE**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Amount Received</u>	<u>Balance, December 31, 2012</u>	<u>2013 Revenue</u>	<u>Cancelled</u>	<u>Expended</u>	<u>Balance, December 31, 2013</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Program	4900-752-178810-60	2013	\$ 57,618		\$ 57,618		46,679	\$ 10,939	\$ 46,679
		2012		\$ 22,265			22,265	-	49,075
Recycling Tonnage Grant	N/A	2013	71,275		71,275			71,275	-
		2012		70,032			65,330	4,702	65,330
		2011		11,158			11,158	-	34,735
Body Armor Replacement Grant	N/A	2013	5,980	-	5,980			5,980	-
		2012		4,703				4,703	-
		2011		4,590			3,817	773	3,817
		2010		1,925			1,925	-	6,601
Bullet Proof Vest Partnership	N/A	2013			2,921			2,921	-
		2012		2,112				2,112	-
		2011	5,071	9,133			3,197	5,936	13,064
Alcohol, Education and Rehab	N/A	2012		809			809	-	809
NJ Sustainable Grant	N/A	2013	5,000		10,000		1,000	9,000	1,000
	N/A	2012	5,000						10,000
Department of Environmental Protection: Hazardous Substance Remediation Constitution Dedication	4815-100-435	2012	16,188	138,295	-	\$ 122,107	16,188	-	809,393
				<u>\$ 265,022</u>	<u>\$ 147,794</u>	<u>\$ 122,107</u>	<u>\$ 172,368</u>	<u>\$ 118,341</u>	<u>\$ 1,040,503</u>

N/A - Not Available

Note - This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04.

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

**TOWNSHIP OF MOUNT OLIVE  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Mount Olive. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 62,477	\$ 147,794	\$ 210,271
General Capital Fund	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total Financial Awards	<u>\$ 287,477</u>	<u>\$ 147,794</u>	<u>\$ 435,271</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF MOUNT OLIVE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Township's federal and state loans outstanding at December 31, 2013, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Federal CFDA Number/ State Account Number</u>	<u>State</u>
Garden State Preservation Trust Loan	1427-96-025	\$ 254,925
Green Trust Loan	V-226-6020	233,523
Wastewater Trust Loans	4860-510-702440-61	1,066,921
NJEIT Loan		<u>353,396</u>
		<u>\$ 1,908,765</u>

**TOWNSHIP OF MOUNT OLIVE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

- A) Type of auditors' report issued on financial statements Qualified - Regulatory Basis, Unaudited LOSAP Trust Fund
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified                    yes     X     no
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)?                    yes     X     none reported
- C) Noncompliance material to the financial statements noted?                    yes     X     no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**TOWNSHIP OF MOUNT OLIVE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*

There are none.

**TOWNSHIP OF MOUNT OLIVE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

*Part 3 – Schedule of Federal and State Award Findings and Responses*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable

**TOWNSHIP OF MOUNT OLIVE  
SCHEDULE OF FINDINGS AND REPOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

None reported.

**TOWNSHIP OF MOUNT OLIVE  
MORRIS COUNTY, NEW JERSEY**

**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2013**

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2013</u>			<u>Year 2012</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
<b>REVENUE AND OTHER INCOME REALIZED</b>						
Fund Balance Utilized	\$ 1,975,000	1.92	%	\$ 2,200,000	2.19	%
Miscellaneous - From Other Than						
Local Property Tax Levies	6,632,426	6.43		5,897,200	5.88	
Collection of Delinquent Taxes and Tax Title Liens	1,058,075	1.03		972,794	0.97	
Collection of Current Tax Levy	93,127,058	90.34		91,099,556	90.78	
Other Credits to Income	291,333	0.28		182,494	0.18	
	<u>103,083,892</u>	<u>100.00</u>	%	<u>100,352,044</u>	<u>100.00</u>	%
<b>EXPENDITURES</b>						
<b>Budget Expenditures</b>						
Municipal Purposes	25,747,746	25.74	%	25,056,392	25.53	%
Local School Taxes	63,669,713	63.65		62,520,532	63.69	
County Taxes	8,112,674	8.11		8,080,408	8.23	
Sanitation District Taxes	1,903,957	1.90		1,914,415	1.95	
Municipal Open Space Preservation	590,684	0.59		590,079	0.60	
Other Expenditures	4,035	0.00		1,074	0.00	
	<u>100,028,809</u>	<u>100.00</u>	%	<u>98,162,900</u>	<u>100.00</u>	%
Excess in Revenue	3,055,083			2,189,144		
Fund Balance, January 1	<u>2,881,794</u>			<u>2,892,650</u>		
	5,936,877			5,081,794		
Decreased by:						
Utilized as Anticipated Revenue	<u>1,975,000</u>			<u>2,200,000</u>		
Fund Balance, December 31	<u>\$ 3,961,877</u>			<u>\$ 2,881,794</u>		

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
WATER UTILITY OPERATING FUND**

	<u>Year 2013</u>			<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 119,202	6.68 %	\$	215,017	11.82 %
Collection of Water Rents	1,517,579	84.99		1,418,930	78.03
Miscellaneous - From Other Than Water Rents	114,755	6.43		120,221	6.61
Other Credits to Income	<u>33,988</u>	<u>1.90</u>		<u>64,232</u>	<u>3.53</u>
 Total Income	 <u>1,785,524</u>	 <u>100.00</u> %		 <u>1,818,400</u>	 <u>100.00</u> %
<b>EXPENDITURES</b>					
Budget Expenditures					
Operating	1,218,954	77.28 %		1,153,552	70.61 %
Capital Improvements	17,000	1.08		3,250	0.20
Debt Service	278,510	17.66		414,511	25.37
Deferred Charges and Statutory Expenditures	<u>62,882</u>	<u>3.99</u>		<u>62,405</u>	<u>3.82</u>
 Total Expenditures	 <u>1,577,346</u>	 <u>100.00</u> %		 <u>1,633,718</u>	 <u>100.00</u> %
 Excess in Revenue	 208,178			 184,682	
 Fund Balance, January 1	 <u>304,862</u>			 <u>335,197</u>	
	513,040			519,879	
Decreased by:					
Utilized as Anticipated Revenue	<u>119,202</u>			<u>215,017</u>	
 Fund Balance, December 31	 <u>\$ 393,838</u>			 <u>\$ 304,862</u>	

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
SEWER UTILITY OPERATING FUND**

	<u>Year 2013</u>			<u>Year 2012</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
<b>REVENUE AND OTHER INCOME REALIZED</b>						
Fund Balance Utilized	\$ 347,357	7.88	%	\$ 1,134,224	20.49	%
Sewer User Fees	3,804,398	86.25		4,096,788	74.03	
Miscellaneous - From Other Than						
Sewer Service Charges	182,864	4.15		271,166	4.90	
Unexpended Balance of Appropriation Reserves	<u>76,059</u>	<u>1.72</u>		<u>32,102</u>	<u>0.58</u>	
 Total Income	 <u>4,410,678</u>	 <u>100.00</u>	 %	 <u>5,534,280</u>	 <u>100.00</u>	 %
 <b>EXPENDITURES</b>						
<b>Budget Expenditures</b>						
Operating	2,653,551	65.60	%	3,131,111	67.20	%
Deferred Charges and Statutory Expenditures	594,305	14.69		958,227	20.57	
Debt Service	527,024	13.03		562,372	12.07	
Capital Outlay	<u>270,000</u>	<u>6.68</u>		<u>7,500</u>	<u>0.16</u>	
 Total Expenditures	 <u>4,044,880</u>	 <u>100.00</u>	 %	 <u>4,659,210</u>	 <u>100.00</u>	 %
 Excess in Revenue	 365,798			 875,070		
 Fund Balance, January 1	 <u>1,247,541</u>			 <u>1,506,695</u>		
	1,613,339			2,381,765		
Decreased by:						
Utilized as Anticipated Revenue	<u>347,357</u>			<u>1,134,224</u>		
 Fund Balance, December 31	 <u>\$ 1,265,982</u>			 <u>\$ 1,247,541</u>		

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
SOLID WASTE COLLECTION DISTRICT FUND**

	<u>Year 2013</u>			<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 241,820	7.87	%	\$ 96,637	3.35
Sanitation District Taxes	1,903,957	61.93		1,914,415	66.36
Host Benefit Fees - Transfer Station	743,933	24.20		711,899	24.68
Miscellaneous - Fees	72,166	2.35		101,450	3.52
Unexpended Balance of Appropriation Reserves	<u>112,412</u>	<u>3.66</u>		<u>60,291</u>	<u>2.09</u>
 Total Income	 <u>3,074,288</u>	 <u>100.00</u>	 %	 <u>2,884,692</u>	 <u>100.00</u>
<b>EXPENDITURES</b>					
<b>Budget Expenditures</b>					
Operating	2,575,697	90.40	%	2,509,268	93.98
Deferred Charges and Statutory Expenditures	<u>273,420</u>	<u>9.60</u>		<u>160,753</u>	<u>6.02</u>
 Total Expenditures	 <u>2,849,117</u>	 <u>100.00</u>	 %	 <u>2,670,021</u>	 <u>100.00</u>
 Excess in Revenue	 225,171			 214,671	
 Fund Balance, January 1	 <u>552,860</u>			 <u>434,826</u>	
	778,031			649,497	
Decreased by:					
Utilized as Anticipated Revenue	<u>241,820</u>			<u>96,637</u>	
 Fund Balance, December 31	 <u>\$ 536,211</u>			 <u>\$ 552,860</u>	

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE –  
RECREATION UTILITY FUND**

	<u>Year 2013</u>			<u>Year 2012</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
<b>REVENUE AND OTHER INCOME REALIZED</b>						
Fund Balance Utilized	\$ 33,500	6.00	%	\$ 55,000	10.12	%
Program Fees	474,790	85.05		460,066	84.62	
Other Credits to Income	<u>49,935</u>	<u>8.95</u>		<u>28,587</u>	<u>5.26</u>	
 Total Income	 <u>558,225</u>	 <u>100.00</u>	 %	 <u>543,653</u>	 <u>100.00</u>	 %
<b>EXPENDITURES</b>						
<b>Budget Expenditures</b>						
Operating	482,609	95.99	%	485,075	95.27	%
Statutory Expenditures	<u>20,164</u>	<u>4.01</u>		<u>24,070</u>	<u>4.73</u>	
 Total Expenditures	 <u>502,773</u>	 <u>100.00</u>	 %	 <u>509,145</u>	 <u>100.00</u>	 %
 Excess in Revenue	 55,452			 34,508		
 Fund Balance, January 1	 <u>47,697</u>			 <u>68,189</u>		
	103,149			102,697		
Decreased by:						
Utilized as Anticipated Revenue	<u>33,500</u>			<u>55,000</u>		
 Fund Balance, December 31	 <u>\$ 69,649</u>			 <u>\$ 47,697</u>		

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 94,121,939	\$ 93,127,058	98.94%
2012	92,383,880	91,099,556	98.60%
2011	91,082,115	89,960,475	98.76%

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2013	\$ 905,423	\$ 446,072	\$ 1,351,495	1.436%
2012	399,434	1,046,468	1,445,902	1.565%
2011	471,536	892,677	1,364,213	1.498%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2013	\$4,977,194
2012	4,890,894
2011	4,531,994

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$3.158</u>	<u>\$3.096</u>	<u>\$3.052</u>

Apportionment of Tax Rate

Municipal	.663	.645	.636
County	.271	.269	.277
Local School	2.127	2.085	2.041
Sanitation District	.097	.097	.098

Assessed Valuation

2013	<u>\$2,993,479,577</u>		
2012		<u>\$2,999,670,679</u>	
2011			<u>\$3,008,481,239</u>

**Comparison of Water Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2013	\$1,505,284	\$1,517,579	100.81%
2012	1,429,916	\$1,418,930	99.23
2011	1,424,953	1,416,055	99.38

**Comparison of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2013	\$3,819,536	\$3,804,398	99.60%
2012	3,927,380	\$4,096,788	104.31
2011	3,734,527	3,595,313	96.27

(1) Includes collection of prior year receivables.

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$ 3,961,877	\$ 2,632,405
	2012	2,881,794	1,975,000
	2011	2,892,650	2,200,000
	2010	2,981,039	2,272,108
	2009	3,204,987	2,350,000
Water Utility Operating Fund	2013	\$ 393,838	\$ 40,000
	2012	304,862	119,202
	2011	335,197	215,017
	2010	333,096	200,849
	2009	379,522	340,787
Sewer Utility Operating Fund	2013	\$ 1,265,982	\$ 544,176
	2012	1,247,541	347,357
	2011	1,506,695	1,134,224
	2010	2,092,704	1,141,249
	2009	2,253,046	970,279
Solid Waste Collection District Fund	2013	\$ 536,211	\$ 150,731
	2012	552,860	241,820
	2011	434,826	96,637
	2010	227,515	-
	2009	30,025	26,672
Recreation Utility Fund	2013	\$ 69,649	\$ 48,000
	2012	47,697	33,500
	2011	68,189	55,000
	2010	91,683	43,400
	2009	117,431	87,600

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Robert Greenbaum	Mayor		
Alex Roman	Council President		
Colleen Labow	Council Vice President		
John Mania	Councilman		
Daniel Amianda	Councilman		
Raymond T. Perkins	Councilman		
John Ferrante	Councilman		
Joe Nicaastro	Councilman		
Sean Canning	Business Administrator		
Lisa Lashway	Clerk		
Sherry Davis	Director of Finance, CFO and Treasurer	\$1,000,000	Fidelity and Deposit Co. Blanket Bond
Rose Barsanti	Tax/Utility Collector	1,000,000	Fidelity and Deposit Co. Blanket Bond
Fred Semrau	Attorney		
Brian J. Levine	Municipal Court Judge	1,000,000	Fidelity and Deposit Co. Blanket Bond
Michelle Armbrecht	Court Administrator	1,000,000	Fidelity and Deposit Co. Blanket Bond
Gary Lindsay	Construction Code Official		
John Marchione	Tax Assessor		

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Contracts and Agreements Required to be Advertised for NJS 40A:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year where question arises as to whether any contract agreement might result in violation of the statute; the Township Counsel's opinion should be sought before a commitment is made.

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

Three Auto Refuse Collection Bodies  
and 7,500 Refuse Containers  
Tree Removal, Tree Trimming with Stump  
Grinding Services  
One Auto Refuse Collection Truck Body  
Ambulance – Budd Lake Rescue Squad  
Grinder Pump Sales and Service  
Snowplowing Services  
Cloverhill Wastewater Treatment  
Plant Influent Screen Replacement

Municipal Building HVAC  
Re-Commissioning Project  
Budd Lake Fire Department – Generator  
Furnishing and Installation of Security  
System  
Refurbish of Engine 53 – Budd Lake  
Fire Department  
Licensed Electrician Services

Other purchases were made under provisions of contracts entered into with the State of New Jersey Division of Purchases and Property.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our audit of expenditures revealed no instances where expenditures were in excess of \$36,000 for which no public advertising for bids were sought. N.J.S.A. 40A:11-4 requires that any work, materials or supplies, acquired or furnished for a sum exceeding in the aggregate \$36,000 shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding thereof, except as is provided otherwise by law.

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

**Collection of Interest on Delinquent Taxes and Assessments**

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

The Governing Body on January 2, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS (Continued)**

**Collection of Interest on Delinquent Taxes and Assessments (Continued)**

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Mount Olive, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if delinquent is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged against the delinquency.

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 17, 2013.

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

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

<u>Year</u>	<u>Tax Title</u>	<u>Sewer Rent Liens</u>	<u>Sewer Assessment Liens</u>
2013	5	0	0
2012	9	0	0
2011	14	0	1

**TOWNSHIP OF MOUNT OLIVE  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

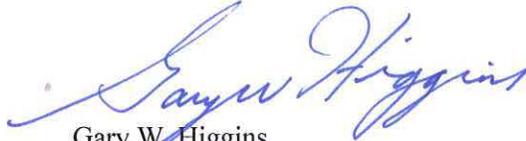
There are none.

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405