

**TOWNSHIP OF LEBANON  
COUNTY OF HUNTERDON  
STATE OF NEW JERSEY**

**REPORT OF AUDIT  
DECEMBER 31, 2013**



TOWNSHIP OF LEBANON

TABLE OF CONTENTS

**PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**

<b><u>AUDITORS' REPORTS</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report		2-4
<b><u>FINANCIAL STATEMENTS</u></b>		5
Comparative Balance Sheet	A	6-7
Comparative Statement of Operations and Change in Fund Balance	A-1	8
Statement of Revenues	A-2	9-12
Statement of Expenditures	A-3	13-18
<b><u>TRUST FUND</u></b>		
Comparative Balance Sheet	B	19
<b><u>GENERAL CAPITAL FUND</u></b>		
Comparative Balance Sheet	C	20
<b><u>PUBLIC ASSISTANCE FUND</u></b>		
Comparative Balance Sheet	E	N/A
<b><u>GENERAL FIXED ASSETS</u></b>		
Statement of General Fixed Assets	F	21
<b><u>PAYROLL AGENCY FUND</u></b>		
Comparative Balance Sheet	G	22
<b><u>GENERAL LONG-TERM DEBT</u></b>		
Statement of General Long-Term Debt	H	23
<b><u>NOTES TO FINANCIAL STATEMENTS</u></b>		24-40

TOWNSHIP OF LEBANON

TABLE OF CONTENTS

**PART II - SUPPLEMENTARY INFORMATION**

<b><u>CURRENT FUND</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Cash – Treasurer	A-4	42
Schedule of Cash - Collector	A-5	43
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	44
Schedule of Tax Title Liens	A-7	45
Schedule of Revenue Accounts Receivable	A-8	46
Schedule of Property Acquired for Taxes (At Assessed Valuation)	A-9	47
Schedule of Deferred Charges	A-10	48
Schedule of Reserve for Encumbrances	A-11	49
Schedule of Appropriation Reserves - 2012	A-12	50
Schedule of Taxes Collected in Advance	A-13	51
Schedule of Reserve for Codification of Ordinances	A-14	52
Schedule of County Taxes Payable	A-15	53
Schedule of Local District School Tax Payable	A-16	54
Schedule of Regional High School Tax Payable	A-17	55
Schedule of Municipal Open Space Tax Payable	A-18	56
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-19	57
Schedule of Reserve for Garden State Grant Fund	A-20	58
Schedule of State Grants Receivable	A-21	59
Schedule of Reserve for State Grants-Appropriated	A-22	60
Schedule of Reserve for State Grants-Unappropriated	A-23	61
Schedule of Tax Overpayments	A-24	62
Schedule of Reserve for Hazzard Mitigation	A-25	63
 <b><u>TRUST FUND</u></b>		
Schedule of Cash - Treasurer	B-2	64
Schedule of Reserve for Dog Fund Expenditures	B-3	65
Schedule of Amount Due to State of New Jersey Department of Health	B-4	66
Schedule of Amount Due Current Fund-Dog License Fund	B-5	67
Schedule of Amount Due Current Fund-Other Trust Fund	B-6	68
Schedule of Reserve for Museum Donations	B-7	69
Schedule of Reserve for Developers' Deposits	B-8	70
Schedule of Reserve for Driveway Bonds	B-9	71
Schedule of Unemployment Compensation Insurance Trust Deposits	B-10	72
Schedule of Reserve for Library Fund	B-11	73
Schedule of Reserve for Recreation Commission	B-12	74
Schedule of Reserve for Fair Share Housing (COAH) Deposits	B-13	75

TOWNSHIP OF LEBANON

TABLE OF CONTENTS

**PART I I - SUPPLEMENTARY INFORMATION Continued**

<b><u>TRUST FUND Continued</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Reserve for Off-Track Improvements	B-14	76
Schedule of Reserve for Open Space Trust Deposits	B-15	77
Schedule of Reserve for Snow Removal	B-16	78
Schedule of Reserve for Accumulated Absences	B-17	79
Schedule of Reserve for Developers' Trust Escrow Deposits	B-18	80
Schedule of Reserve for Tax Sale Premiums	B-19	81
<b><u>GENERAL CAPITAL FUND</u></b>		
Schedule of Cash – Treasurer	C-2	82
Schedule of Deferred Charges to Future Taxation-Funded	C-3	83
Schedule of Deferred Charges to Future Taxation-Unfunded	C-4	84
Schedule of Amount Due Current Fund	C-5	85
Schedule of Amount Due Municipal Open Space Trust Fund	C-6	86
Schedule of Capital Improvement Fund	C-7	87
Schedule of New Jersey Trust Loan Program	C-8	88
Schedule of Bond Anticipation Notes	C-9	89
Schedule of Various Reserves	C-10	90
Schedule of Improvement Authorizations	C-11	91
<b><u>PUBLIC ASSISTANCE FUND</u></b>		
Schedule of Cash - Treasurer	E-1	N/A
<b><u>GENERAL FIXED ASSETS</u></b>		
Schedule of Additions and Deletions	F-1	92

**PART I I I –SUPPLEMENTARY INFORMATION**

	<b><u>PAGE</u></b>
General Comments	93-100
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	101-102
Schedule of Federal/State Awards	103-104
Notes to Federal/State Awards	105
Status of Prior Audit Findings	106-107
Schedule of Findings and Responses	108-109

**PART I**  
**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

## **AUDITORS' REPORTS**



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Township Committee  
Township of Lebanon  
530 West Hill Road  
Glen Gardner, New Jersey 08826

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

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Lebanon, County of Hunterdon, State of New Jersey (the "Township"), as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds, and the related notes to the financial statements for the year ended December 31, 2013, which collectively comprise the Township's basic financial statements listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of

-Continued-

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence 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 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or the results of its operations and changes in its fund balances for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2013 and 2012, and the results of operations and changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

***Other Matters***

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

-Continued-

In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements-regulatory basis taken as a whole, on the basis of accounting described in Note 1 to the financial statements.

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

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

ARDITO & CO., LLP



Frenchtown, New Jersey

May 9, 2014



Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

May 9, 2014

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
<b>Cash and Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 3,233,267	\$ 4,271,937
Due From State of New Jersey - Veterans and Sr. Citizens Deductions	A-19	<u>3,682</u>	<u>3,682</u>
<b>Subtotal</b>		<u>3,236,949</u>	<u>4,275,619</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	376,055	395,049
Tax Title Liens Receivable	A-7	118,489	113,775
Property Acquired for Taxes - Assessed Valuation	A-9	94,200	94,200
Due from Animal Control Fund	B	13	5
Due from Municipal Open Space Trust Fund	A-18	12,248	-
Due from General Capital Fund	C	<u>-</u>	<u>1,053</u>
<b>Subtotal</b>		<u>601,005</u>	<u>604,082</u>
<b>Deferred Charges:</b>			
Emergency Authorizations	A-10	<u>-</u>	<u>82,813</u>
<b>Subtotal</b>		<u>-</u>	<u>82,813</u>
<b>Subtotal</b>		<u>3,837,954</u>	<u>4,962,514</u>
<b>Federal and State Grant Fund:</b>			
Cash	A-4	15,193	13,270
Due From Current Fund	A	69,229	25,119
State Grants Receivable	A-21	<u>169,144</u>	<u>179,010</u>
<b>Subtotal</b>		<u>253,566</u>	<u>217,399</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,091,520</u></b>	<b><u>\$ 5,179,913</u></b>

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

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Reserve for Encumbrances	A-11	\$ 46,190	\$ 72,939
Appropriation Reserves	A-3:12	154,275	151,009
Due to Grants Fund	A	69,229	25,119
Amount Due To Other Trust Funds	B	11,156	64,237
Amount Due General Capital Fund	C	967	-
Taxes Collected In Advance	A-13	133,329	159,767
Reserve for Codification of Ordinances	A-14	5,625	5,625
Amount Due County For Added Taxes	A-15	7,613	23,190
Local District School Tax Payable	A-16	775,931	1,152,325
Regional High School Taxes Payable	A-17	977,275	1,436,604
Due Municipal Open Space Trust Fund	A-18	-	996
Reserve for Garden State Trust	A-20	-	15,409
Reserve for FEMA	A-25	<u>21,080</u>	<u>-</u>
<b>Subtotal</b>		<b>2,202,670</b>	<b>3,107,220</b>
 Reserve For Receivables And Other Assets	 A	 601,005	 604,082
Fund Balance	A-1	<u>1,034,279</u>	<u>1,251,212</u>
<b>Subtotal</b>		<b><u>3,837,954</u></b>	<b><u>4,962,514</u></b>
 <b>Federal and State Grant Fund:</b>			
Appropriated Reserves	A-22	212,237	215,800
Unappropriated Reserves	A-23	<u>41,329</u>	<u>1,599</u>
<b>Subtotal</b>		<b><u>253,566</u></b>	<b><u>217,399</u></b>
 <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		 <b><u>\$ 4,091,520</u></b>	 <b><u>\$ 5,179,913</u></b>

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

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2013</u>	<u>YEAR</u> <u>2012</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,164,000	\$ 999,838
Miscellaneous Revenue Anticipated	A-2	3,708,906	2,962,523
Receipts From Delinquent Taxes	A-2	393,332	391,139
Receipts from Current Taxes	A-2	18,617,803	19,075,672
Non-Budget Revenues	A-2	237,626	207,744
<u>Other Credits To Income:</u>			
Interfund Returns Realized-Grants Fund	A		183,475
Canceled Purchase Orders	A-11		118,822
Unexpended Balance Of Appropriation Reserves	A-12	<u>35,408</u>	<u>153,621</u>
<b>Total Income</b>		<u>24,157,075</u>	<u>24,092,834</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,078,506	1,908,047
Other Expenses	A-3	1,679,471	1,984,903
Deferred Charges and Statutory Expenditures	A-3	533,900	437,868
Capital Improvements	A-3	923,268	23,000
Municipal Debt Service	A-3	522,119	243,536
County Taxes	A-15	3,230,924	3,289,765
Amount Due County For Added and Omitted Taxes	A-15	7,613	23,190
Local District School Taxes	A-16	9,284,388	9,737,176
Regional High School Taxes	A-17	4,779,455	5,198,112
Municipal Open Space	A-6	73,894	75,517
Interfund Advances	A/B	20,094	1,048
Refund of Prior Year Revenue	A-4	<u>76,376</u>	<u>5,955</u>
<b>Total Expenditures</b>		<u>23,210,008</u>	<u>22,928,117</u>
Excess in Revenues		947,067	1,164,717
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-10	<u>-</u>	<u>82,813</u>
Statutory Excess To Fund Balance		947,067	1,247,530
Fund Balance January 1	A	<u>1,251,212</u>	<u>1,003,520</u>
		2,198,279	2,168,237
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,164,000</u>	<u>999,838</u>
<b>Fund Balance December 31</b>	A	<u><b>\$ 1,034,279</b></u>	<u><b>\$ 1,251,212</b></u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 1

		<u>ANTICIPATED</u>	<u>SPECIAL N.J.S.</u>		<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>40A:4-87</u>	<u>REALIZED</u>	<u>DEFICIT</u>
<b>Fund Balance Anticipated</b>	A-2	\$ 1,164,000		\$ 1,164,000	
<b>Miscellaneous Revenues:</b>					
<b>Local Revenues:</b>					
Licenses:					
Alcoholic Beverages	A-8	15,000		15,000	-
Fines and Costs:					
Municipal Court	A-8	29,500		25,564	\$ (3,936)
Interest and Costs On Taxes	A-5	77,500		85,320	7,820
Interest on Investments	A-8	3,300		4,069	769
<b>Total Local Revenues</b>		125,300		129,953	4,653
<b>State Aid:</b>					
Energy Receipts Tax	A-8	2,627,013		2,627,013	
Garden State Trust Fund	A-21	15,409		15,409	
<b>Total State Aid</b>		2,642,422		2,642,422	
<b>Special Items Of Revenue Anticipated With Prior</b>					
<b>Written Consent of Local Government Services-</b>					
<b>Public and Private Revenues:</b>					
Clean Communities Grant	A-21	19,459		19,459	
Drunk Driving Enforcement Grant	A-23	1,599		1,599	
Body Armor Grant	A-21	\$	1,527	1,527	
<b>Total Special Items Of Revenues</b>		21,058	1,527	22,585	

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 2

	<u>REF.</u>	<u>BUDGET</u>	<u>ANTICIPATED SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
<b>Other Special Items:</b>					
Capital Fund Balance Antcipated	A-3	900,268		900,268	
Uniform Fire Safety Act	A-8	8,500		13,678	5,178
<b>Total Miscellaneous Revenue</b>	A-2	<b>3,697,548</b>	<b>1,527</b>	<b>3,708,906</b>	<b>9,831</b>
<b>Receipts From Delinquent Taxes</b>	A-2	275,000		393,332	118,332
<b>Amount to be Raised by Taxes for Support of Municipal Budget:</b>					
Local Tax For Municipal Purposes	A-2	1,093,013		1,235,161	142,148
<b>Total General Revenues</b>		<b>6,229,561</b>	<b>1,527</b>	<b>6,501,399</b>	<b>270,311</b>
<b>Other Non-Budget Revenues</b>	A-2			237,626	237,626
		<b>\$ 6,229,561</b>	<b>\$ 1,527</b>	<b>\$ 6,739,025</b>	<b>\$ 507,937</b>
	A-3		A-3		

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 3

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>	
Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 18,566,767
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>51,036</u>
	A-1	18,617,803
Allocated To:		
School and County Taxes	A-6	<u>17,876,274</u>
Balance for Support Of Municipal Budget Appropriations		741,529
Add by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>493,632</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 1,235,161</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 4

**ANALYSIS OF NON-BUDGET REVENUES**      REF.

Miscellaneous Revenue Not Anticipated:

**Treasurer:**

Permits	\$	1,315	
RPM Compliance		4,770	
Certified Lists		226	
Cell Tower		31,132	
Copies/Maps		180	
Police		343	
Police Moonlight		13,110	
Newsletter Proceeds		1,912	
Planning Board		11,604	
Zoning Board		15,359	
Marriage License		560	
Board of Health		7,375	
Retail Food		3,200	
Weber		74,647	
Refunds		680	
Cable TV		17,729	
FEMA-Hurricane Sandy		39,303	
Miscellaneous		<u>6,439</u>	
	A-4		\$ <u>229,884</u>

**Collector:**

Miscellaneous		1,082	
Trailer Court Fees	A-5	<u>6,660</u>	<u>7,742</u>
			<u>\$ 237,626</u>

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCES</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELED</u>
<b>GENERAL GOVERNMENT FUNCTIONS:</b>					
Mayor and Council:					
Salaries and Wages	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00		
Other Expenses	5,000.00	5,000.00	3,377.81	\$ 1,622.19	
Municipal Clerk:					
Salaries and Wages	128,180.00	135,594.28	135,545.48	48.80	
Other Expenses:					
Elections	4,500.00	3,547.95	3,547.95		
Miscellaneous Other Expenses	47,450.00	40,215.23	35,580.76	4,634.47	
Financial Administration (Treasury):					
Salaries and Wages	15,996.00	14,257.67	14,257.67		
Other Expenses	10,000.00	9,614.10	9,588.61	25.49	
Audit Services:					
Other Expenses	24,000.00	24,271.00	24,271.00		
Revenue Administration (Tax Collection):					
Salaries and Wages	45,018.00	45,926.12	45,926.12		
Other Expenses	13,100.00	9,705.11	9,705.11		
Tax Assessment Administration:					
Salaries and Wages	51,206.00	55,208.75	55,208.75		
Other Expenses	14,850.00	11,094.66	11,094.66		
Legal Services (Legal Dept.):					
Other Expenses	100,000.00	93,018.67	62,230.04	30,788.63	
Engineering Services:					
Other Expenses	7,500.00	14,184.75	14,184.75		
Historical Sites Office:					
Other Expenses	4,200.00	4,200.00	1,948.39	2,251.61	
Aid to New Hampton Historic Museum:					
Salaries and Wages	32,900.00	35,454.27	35,454.27		
Other Expenses	4,000.00	3,113.42	3,113.42		

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>UNEXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCES</u> <u>CANCELED</u>
<b>LAND USE ADMINISTRATION:</b>					
Planning Board:					
Salaries and Wages	28,025.00	28,597.39	28,597.39		
Other Expenses	27,775.00	33,056.51	31,687.66	1,368.85	
Zoning Costs:					
Salaries and Wages	29,264.00	29,854.56	29,854.56		
Other Expenses	900.00	350.00	350.00		
Zoning Board of Adjustment(Zoning Officer):					
Salaries and Wages	28,025.00	28,597.39	28,597.39		
Other Expenses	17,800.00	23,950.37	23,512.87	437.50	
<b>UNIFORM CONSTRUCTION CODE ENFORCEMENT:</b>					
Other Expenses	100.00				
<b>INSURANCE:</b>					
Liability Insurance	3,862.00	1,184.00	1,184.00		
Other Insurance Premiums	115,162.00	120,647.36	120,647.36		
Workmens' Compensation	79,208.00	79,208.00	79,208.00		
Employee Group Health	444,857.00	444,857.00	430,033.46	14,823.54	
<b>PUBLIC SAFETY FUNCTIONS:</b>					
Police Department:					
Salaries and Wages	1,036,822.00	1,060,193.85	1,060,193.85		
Other Expenses	90,000.00	90,000.00	84,815.11	5,184.89	
Office of Emergency Management:					
Salaries and Wages	5,345.00	5,429.60	5,429.60		
Other Expenses	2,500.00	71.94	71.94		
Aid to Volunteer Fire Companies in Adjoining Mun.	6,225.00	6,225.00		6,225.00	
Contribution to First Aid Organizations:					
Other Expenses	32,500.00	32,500.00		32,500.00	
Fire Department/Uniform Fire Safety Code:					
Salaries and Wages	5,000.00	5,264.71	5,264.71		
Other Expenses:					
Fire Hydrant Services	700.00	649.92	649.92		
Miscellaneous Other Expenses	1,500.00				

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELED</u>
<b>PUBLIC WORKS FUNCTIONS:</b>					
Streets and Road Maintenance:					
Salaries and Wages	544,649.00	560,921.11	558,923.64		1,997.47
Other Expenses	235,000.00	228,954.86	219,787.13		9,167.73
Solid Waste Collection(Recycling Program):					
Salaries and Wages	5,000.00	5,335.24	5,335.24		
Other Expenses	5,200.00	4,685.60	4,685.60		
Buildings and Grounds:					
Other Expenses	26,000.00	17,112.73	3,468.95	13,643.78	
Buildings Demolition:					
Other Expenses	50,000.00	50,000.00	50,000.00		
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>					
Public Health Services(Board Of Health):					
Other Expenses	6,500.00	7,986.63	7,986.63		
Environmental Health Services:					
Other Expenses	1,000.00	1,000.00	456.30	543.70	
Animal Control Services:					
Salaries and Wages	9,499.00	9,870.67	9,870.67		
Other Expenses	5,000.00				
Contribution to Social Services Agencies:					
Other Expenses	100.00	100.00		100.00	
<b>PARK AND RECREATION FUNCTIONS:</b>					
Recreation Services and Programs:					
Other Expenses:					
Senior Citizens	4,000.00	4,000.00	4,000.00		
Miscellaneous Other Expenses	7,500.00	6,297.83	4,219.45	2,078.38	
Maintenance of Parks:					
Other Expenses	7,500.00	5,435.24	2,687.08	2,748.16	
<b>EDUCATION FUNCTIONS (Includes Library):</b>					
Municipal/County Library:					
Other Expenses	55,820.00	58,320.00	56,682.90		1,637.10

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 4

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELED</u>
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
<b>(Unclassified):</b>					
Accumulated Leave Compensation	37,000.00	37,000.00	37,000.00		
Celebration of Public Events	5,000.00	5,000.00	4,502.10	497.90	
Underground Storage Tank Remediation	18,435.00	12,423.00	12,423.00		
<b>MUNICIPAL COURT:</b>					
Other Expenses	45,000.00	46,039.81	36,894.73	9,145.08	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>					
Electricity	54,000.00	63,672.22	63,672.22		
Street Lighting	5,000.00	4,045.48	4,045.48		
Telephone (excluding equipment acquisition)	14,000.00	12,542.52	12,542.52		
Gasoline	100,000.00	67,404.11	65,798.96	1,605.15	
Subtotal Operations within "CAPS"	3,725,673.00	3,724,190.63	3,581,115.21	143,075.42	
<b>Contingent</b>					
<b>Total Operations Including Contingent</b>	<b>3,725,673.00</b>	<b>3,724,190.63</b>	<b>3,581,115.21</b>	<b>143,075.42</b>	
<b>Detail:</b>					
Salaries and Wages	2,022,929.00	2,078,505.61	2,076,459.34	2,046.27	-
Other Expenses	1,702,744.00	1,645,685.02	1,504,655.87	141,029.15	
<b>Deferred Charges and Statutory Expenditures within "CAPS"</b>					
<b>Deferred Charges :</b>					
Overexpenditure of Appropriations	2,813.00	2,813.00	2,813.00		
<b>Statutory Expenditures :</b>					
Social Security (O.A.S.I.)	156,648.00	158,130.37	158,130.37		
Contribution to:					
PERS	105,270.00	105,270.00	105,270.00		
PFRS	187,687.00	187,687.00	187,687.00		
<b>Total Deferred Charges and Statutory Expenditures within "CAPS"</b>	<b>452,418.00</b>	<b>453,900.37</b>	<b>453,900.37</b>	<b>-</b>	
<b>Total General Appropriations within "CAPS"</b>	<b>4,178,091.00</b>	<b>4,178,091.00</b>	<b>4,035,015.58</b>	<b>143,075.42</b>	

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>				
Fire Department:				
LOSAP	11,200.00	11,200.00		11,200.00
<b>Total Other Operations Excluded from "CAPS"</b>	<b>11,200.00</b>	<b>11,200.00</b>		<b>11,200.00</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</b>				
<b>Federal and State Grants:</b>				
Clean Communities Program:				
Other Expenses	19,459.00	19,459.00	19,459.00	
Drung Driving Grant:				
Other Expenses - PY Unapprop.	1,599.00	1,599.00	1,599.00	
Body Armor Grant(C159):				
Other Expenses		1,527.49	1,527.49	
<b>Total Public and Private Programs Offset by Revenues Excluded from "CAPS"</b>	<b>21,058.00</b>	<b>22,585.49</b>	<b>22,585.49</b>	
<b>Total Operations Excluded from "CAPS"</b>	<b>32,258.00</b>	<b>33,785.49</b>	<b>22,585.49</b>	<b>11,200.00</b>
<b>Detail:</b>				
Other Expenses	32,258.00	33,785.49	22,585.49	11,200.00

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>
			<u>RESERVED</u>
			<u>BALANCES</u> <u>CANCELED</u>
<b>Capital Improvements Excluded from "CAPS"</b>			
Capital Improvement Fund	23,000.00	23,000.00	23,000.00
<b>Deferred Charges:</b>			
Ordinance #2003-07	88,428.00	88,428.00	88,428.00
Ordinance #2004-09	438,832.00	438,832.00	438,832.00
Ordinance #2005-14	373,008.00	373,008.00	373,008.00
<b>Total Capital Improvements Excluded from "CAPS"</b>	923,268.00	923,268.00	923,268.00
<b>Municipal Debt Service Excluded from "CAPS"</b>			
Payment of Bond Anticipation and Capital Notes	462,050.00	462,050.00	462,050.00
Payment of Interest on Notes	60,262.00	60,262.00	60,068.76
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	522,312.00	522,312.00	522,118.76
<b>Deferred Charges Excluded from "CAPS"</b>			
Emergency Authorizations	80,000.00	80,000.00	80,000.00
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	80,000.00	80,000.00	80,000.00
<b>Total Gen. Appropriations Excluded from "CAPS"</b>	1,557,838.00	1,559,365.49	1,547,972.25
<b>Subtotal General Appropriations</b>	5,735,929.00	5,737,456.49	5,582,987.83
Reserve For Uncollected Taxes	493,632.00	493,632.00	493,632.00
<b>TOTALS</b>	\$ 6,229,561.00	\$ 6,231,088.49	\$ 6,076,619.83
			\$ 154,275.42
			\$ 193.24

REF.

A

	<u>REF.</u>	<u>AMOUNT</u>
Appropriation 40A:4-87	A-2	\$ 1,527.49
Budget	A-2	6,229,561.00
		6,231,088.49
Reserve for State Grants	A-22	\$ 22,585.49
Capital Deferred Charges	C	900,268.00
Deferred Charges	A-10	82,813.00
Encumbrances	A-11	4,577,321.34
Reserve for Uncollected Taxes	A-2	493,632.00
		\$ 6,076,619.83

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

TRUST FUND  
COMPARATIVE BALANCE SHEET

		B	
		BALANCE	BALANCE
		<u>12/31/13</u>	<u>12/31/12</u>
ASSETS	REF.		
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 1,774	\$ (1,222)
<b>Total Dog License Fund</b>		<u>1,774</u>	<u>(1,222)</u>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	1,617,187	1,544,000
Due from Current Fund	B-6	-	65,233
<b>Total Other Trust Funds</b>		<u>1,617,187</u>	<u>1,609,233</u>
<b>TOTAL ASSETS</b>		<u><b>\$1,618,961</b></u>	<u><b>\$1,608,011</b></u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Dog License Fund:</b>			
Due to Current Fund	B-5	\$ 13	\$ 5
Reserve for Dog Fund Expenditures	B-3	1,761	(1,227)
<b>Total Dog License Fund</b>		<u>1,774</u>	<u>(1,222)</u>
<b>Other Trust Fund:</b>			
Due to Current Fund	B-6	1,092	-
Schedule of Reserve for Museum Donations	B-7	10,241	8,350
Schedule of Reserve for Developers' Deposits	B-8	111,858	95,584
Schedule of Reserve for Driveway Bonds	B-9	6,824	6,818
Schedule of Reserve for Unemployment Compensation	B-10	86,247	91,840
Schedule of Reserve for Library Trust	B-11	7,247	5,597
Schedule of Reserve for Recreation Commission	B-12	14,575	11,245
Schedule of Reserve for Fair Share Housing (COAH)	B-13	94,901	90,698
Schedule of Reserve for Off-Track Improvements	B-14	59,813	61,671
Schedule of Reserve for Open Space Deposits	B-15	959,052	949,701
Schedule of Reserve for Emergency Snow Removal	B-16	28,669	50,192
Schedule of Reserve for Accumulated Absences	B-17	152,620	115,504
Schedule of Reserve for Developers' Trust Escrow Deposits	B-18	52,702	63,102
Schedule of Reserve for Tax Sale Premiums	B-19	31,346	58,931
<b>Total Other Trust Fund</b>		<u>1,617,187</u>	<u>1,609,233</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><b>\$1,618,961</b></u>	<u><b>\$1,608,011</b></u>

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

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/13</u>		<u>BALANCE</u> <u>12/31/12</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	C-2	\$ 1,067,022	\$	775,745
Amount Due Current Fund	C-5	967		-
Deferred Charges to Future Taxation:				
Funded	C-3	620,934		678,684
Unfunded	C-4	<u>6,044,146</u>		<u>6,883,964</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 7,733,069</u></b>		<b><u>\$ 8,338,393</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

Amount Due Current Fund	C-5	-	\$	1,053
Capital Improvement Fund	C-7	\$ 120,016		124,516
State of New Jersey Trust Loan Program	C-8	620,934		678,684
Bond Anticipation Notes	C-9	5,888,412		4,820,962
Reserve for:				
Fire Truck and Ambulance	C-10	17,233		17,233
Fund Balance	C-1	10,598		910,866
Improvement Authorizations:				
Funded	C-11	1,536		31,536
Unfunded	C-11	<u>1,074,340</u>		<u>1,753,543</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 7,733,069</u></b>		<b><u>\$ 8,338,393</u></b>

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

GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 910,866
<b>Decreased by:</b>		
Anticipated as Revenue in Current Fund Budget	C-5	<u>900,268</u>
Balance December 31, 2013	C	<u>\$ 10,598</u>

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

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 2013

F

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
General Fixed Assets:		
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	3,988,032
Machinery and Equipment	<u>8,447,732</u>	<u>8,049,435</u>
Total General Fixed Assets	<b><u>\$16,745,024</u></b>	<b><u>\$15,547,686</u></b>

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

PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET

G

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
<b><u>ASSETS</u></b>		
<b>Cash and Cash Equivalents:</b>		
Cash - Treasurer	\$ 45,453	\$ 53,724
<b>TOTAL ASSETS</b>	<b><u>45,453</u></b>	<b><u>53,724</u></b>
<b><u>LIABILITIES AND RESERVES</u></b>		
Payroll Deductions Payable	4,841	32,503
Imprest Balances	<u>40,612</u>	<u>21,221</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<b><u>\$ 45,453</u></b>	<b><u>\$ 53,724</u></b>

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

GENERAL LONG-TERM DEBT  
STATEMENT OF GENERAL LONG-TERM DEBT  
DECEMBER 31, 2013

H

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/12</u>
<b>OTHER DEBTS:</b>		
Amount to be Provided for Retirement of General Long-Term Debt	\$ <u>122,218</u>	\$ <u>122,218</u>
Total Amount Available and to be Provided for General Long-Term Debt	\$ <u>122,218</u>	\$ <u>122,218</u>
<b>LONG-TERM LIABILITIES:</b>		
Compensated Absences Payable	\$ <u>122,218</u>	\$ <u>122,218</u>
Total General Long-Term Liabilities	\$ <u>122,218</u>	\$ <u>122,218</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Lebanon include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 accounting policies of the Township of Lebanon conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lebanon accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

**Current Fund**

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

**Trust Funds**

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Description of Funds (Continued)**

**General Capital Fund**

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

**Public Assistance Fund**

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

**General Fixed Assets Account Group**

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

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

**Revenues**--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Property Tax Revenue**--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space 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. 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 to the County by the Township quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

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 taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Deferred School Taxes**--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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

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

**Inventories of Supplies**--The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

**General Fixed Assets**--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Budget and Budgetary Procedures**--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

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

**General Capital Fund  
Public Assistance Fund  
Trust fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

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 Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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 appropriations 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, which should be recognized when due.

**Tax Appeals and Other Contingent Losses**--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Deferred Charges to Future Taxation Funded and Unfunded**--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality'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.

**Use of Estimates**--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Departures from Generally Accepted Accounting Principles**--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

**Statutory-Basis Financial Statements**--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**Note 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 2: CASH AND CASH EQUIVALENTS (Continued)**

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2013, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

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

	Cash and Cash Equivalents	Total
Checking	<u>\$ 5,979,896</u>	<u>\$ 5,979,896</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2013, was \$5,979,896 and the bank balance was \$5,974,219. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$302,702 was covered by federal depository insurances and \$5,671,517 was covered by collateral pool.

**Note 3: LONG-TERM DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 3: LONG-TERM DEBT-(Continued)**

The Township debt is summarized as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Paid</b>	<b>Ending Balance</b>
<b>Long Term Obligations:</b>				
Bond Anticipation Notes	\$ 4,820,962	\$ 1,529,500	\$ 462,050	\$ 5,888,412
State Of New Jersey Loan Programs	678,684		57,750	620,934
Sub-Total Long Term Debt	5,499,646	1,529,500	519,800	6,509,346
Compensated absences payable	122,218			122,218
<b>Total Long-Term Obligations</b>	<b>\$ 5,621,864</b>	<b>\$ 1,529,500</b>	<b>\$ 519,800</b>	<b>\$ 6,631,564</b>

**Summary of Municipal Debt**

	YEAR <u>2013</u>	YEAR <u>2012</u>	YEAR <u>2010</u>
<b>Issued</b>			
General:			
Bonds and Notes	\$ 6,509,346	\$ 5,336,853	\$ 5,234,767
Total Deductions	-	-	-
Net Debt Issued	<u>6,509,346</u>	<u>5,336,853</u>	<u>5,234,767</u>
<b>Authorized But Not Issued</b>	<u>155,734</u>	<u>5,637,852</u>	<u>5,240,227</u>
Total Authorized But Not Issued	<u>155,734</u>	<u>5,637,852</u>	<u>5,240,227</u>
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<b><u>\$ 6,665,080</u></b>	<b><u>\$ 10,974,705</u></b>	<b><u>\$ 10,474,994</u></b>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.742%.

	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
Regional School District Debt	\$ 306,422	\$ 306,422	-
General Debt	<u>6,665,080</u>	-	<u>\$ 6,665,080</u>
	<u>\$ 6,971,502</u>	<u>\$ 306,422</u>	<u>\$ 6,665,080</u>

Net Debt \$ 6,665,080	Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended,	\$ 897,935,244 = 0.742%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 31,427,734
Net Debt	<u>6,665,080</u>
Remaining Borrowing Power	<u>\$ 24,762,654</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 3: LONG-TERM DEBT (Continued)**

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

Calendar	<u>General</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 56,441	\$ 8,733
2015	55,224	7,832
2016	54,180	7,432
2017	53,133	6,832
2018	51,962	6,162
2018-2024	<u>349,994</u>	<u>18,749</u>
	<u>\$ 620,934</u>	<u>\$ 55,740</u>

**General Obligation Loans**

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$6,823.39 to \$26,294.22 through August 1, 2023. This loan is an interest free loan. The remaining balance as of December 31, 2013, was \$239,618. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$3,985 to \$15,356 through August 1, 2023. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2013, was \$110,000. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$8,282 to \$18,836 through August 1, 2024. This loan is an interest free loan. The remaining balance as of December 31, 2013, was \$191,316. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$219 to \$11,181 through August 1, 2024. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2013, was \$80,000. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 3: LONG-TERM DEBT (Continued)**

**Bond Anticipation Notes**

The Township has outstanding at December 31, 2013, a bond anticipation note in the amount of \$5,165,912 payable to Peapack-Gladstone Bank. This note matures on September 5, 2014. The interest rate on the note was 0.84%. Principal and interest on these notes are paid from the current fund budget of the Township and the open space fund.

The Township has outstanding at December 31, 2013, a bond anticipation note in the amount of \$722,500 payable to Peapack-Gladstone Bank. This note matures on January 31, 2014. The interest rate on the note was 1.25%. Principal and interest on these notes are paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total General Capital Loans-Above	<u>\$ 6,509,346</u>

**Note 4: GENERAL FIXED ASSETS**

The following is a summary of changes in the general fixed assets:

	<u>Balance End of Year</u>	<u>Balance Beginning of Year</u>
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	3,988,032
Equipment	<u>8,447,732</u>	<u>8,049,435</u>
	<u>\$ 16,745,024</u>	<u>\$ 15,547,686</u>

**Note 5: FUND BALANCES APPROPRIATED**

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

Current Fund - \$1,130,000\*

\*Approved (Introduced) Budget

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the Township liquidated all deferred charges which were included in the following budgets:

<u>Current Fund</u>	Balance <u>12/31/12</u>	Charged to 2013 <u>Budget</u>	Balance <u>12/31/13</u>
Overexpenditure of Appropriations	\$ 2,813	\$ 2,813	-
Emergency (40A:4-46) - EMS Services	<u>80,000</u>	<u>80,000</u>	-
	<u>\$ 82,813</u>	<u>\$ 82,813</u>	<u>-</u>

**Note 7: SCHOOL TAXES**

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

The Township of Lebanon had elected in 1975 to raise local district school taxes on a calendar year basis.

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<b>TOTAL DEFERRED TAX <u>12/31/13</u></b>	<b>LOCAL DISTRICT <u>SCHOOL TAX</u> BALANCE <u>12/31/13</u></b>	<b>BALANCE <u>12/31/12</u></b>	<b>TOTAL DEFERRED TAX <u>12/31/12</u></b>	<b>REGIONAL <u>HIGH SCHOOL TAX</u> BALANCE <u>12/31/13</u></b>	<b>BALANCE <u>12/31/12</u></b>
Balance of Tax		\$ 775,931	\$ 1,152,325		\$ 977,275	\$ 1,436,604
Deferred		<u>3,866,263</u>	<u>3,866,263</u>		<u>1,662,452</u>	<u>1,162,452</u>
Tax Payable		<u>\$ 4,642,194</u>	<u>\$ 5,018,588</u>		<u>\$ 2,639,727</u>	<u>\$ 2,599,056</u>
Tax Deferred	<u>\$ 5,528,715</u>			<u>\$ 5,028,715</u>		

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 8: PENSIONS**

**Description of Plans** - All required employees of the Township are covered by the Public Employees' Retirement System or the Police and Fireman's Retirement System which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund and Police and Fireman's Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

**Police and Fireman's Retirement System (PFRS)** - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS and PFRS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS and PFRS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 8: PENSIONS (Continued)**

**Significant Legislation** - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS and PFRS provide for employee contributions of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

<b><u>Three-Year Trend Information for PERS/PFRS</u></b>			
<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$292,957	100%	-0-
2012	\$286,992	100%	-0-
2011	\$279,582	100%	-0-

**Note 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension. Healthcare provided to eligible PERS retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no municipal OPEB liability exists.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 10: DEFERRED COMPENSATION PLAN**

The Township has a deferred compensation plan available to employees which has been established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey Statutes and the New Jersey Administrative Code (NJAC 5:37). The Plan is fully contributory and the Township has no liabilities in conjunction with this plan.

**Note 11: LEASES**

The Township has not entered into any long-term lease agreements.

**Note 12: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to carryover vacation, compensatory time, and sick pay, which may be taken off or paid at a later date. At December 31, 2013, the contingent liability associated with this benefit is estimated by management to be approximately \$122,218.

**Note 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**LITIGATION**

There are pending lawsuits in which the Township is involved. The municipal attorney estimates that the potential claims against the Township not covered by insurance resulting from such litigation would not materially affect the financial statements of the Township.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 14: OTHER REQUIRED DISCLOSURES**

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. appropriations in any of the individual funds where budgets were required or employed as a management control
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.
- F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2013:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 12,261	\$ 81,352
Federal/State Grants Fund	69,229	-
Dog Fund	-	13
Trust Fund	-	1,092
General Capital Fund	967	-
	<u>\$ 82,457</u>	<u>\$ 82,457</u>

**Note 15: RISK FINANCING**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**Note 16: OTHER POST-RETIREMENT BENEFITS**

Plan Description. The Lebanon Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1991, Lebanon Township authorized participation in the SHBP's post-retirement benefit program through resolution.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2013.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2013.pdf)

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Lebanon Township on a monthly basis.

The Lebanon Township contributions to SHBP for the years ended December 31, 2013, 2012, and 2011, were \$24,965, \$29,774, and \$26,045 respectively, which equaled the required contributions for each year. There were approximately nine retired participants eligible at December 31, 2013, 2012, and 2011.

**PART II**  
**SUPPLEMENTARY INFORMATION**

## **CURRENT FUND SCHEDULES**

CURRENT FUND  
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>		<u>FEDERAL AND STATE GRANT FUNDS</u>
Balance December 31, 2012	A	\$ 4,271,937		\$ 13,270
<b>Increased by Receipts:</b>				
Collector	A-5	\$19,246,238		
Miscellaneous Revenue Not Anticipated	A-2	229,884		
Revenue Accounts Receivable	A-8	2,685,324		
Amount Due State of New Jersey for Senior Citizens/Veterans Deductions	A-19	51,036		
Amount Due Grants Fund	A	-	\$ 14	
State Grant Funds	A-21	29,642		
State Grant Funds - Unappropriated	A-23	39,420	1,909	
Reserve for FEMA	A-25	<u>21,080</u>	<u>22,302,624</u>	<u>1,923</u>
		26,574,561		15,193
<b>Decreased by Disbursements:</b>				
2012 Appropriation Reserves	A-12	188,540		
Reserves for Encumbrances	A-11	4,602,736		
Outside Liens	B	181,619		
Due Other Trust	B	65,337		
Refund of Tax Overpayments	A-25	36,096		
County Taxes	A-15	3,254,114		
Local District School Tax	A-16	9,660,782		
Regional School Tax	A-17	5,238,784		
Municipal Open Space Tax	A-18	87,138		
State Grant Funds	A-22	<u>26,148</u>	<u>23,341,294</u>	<u>-</u>
				-
Balance December 31, 2013	A	<u>\$ 3,233,267</u>		<u>\$ 15,193</u>

CURRENT FUND  
SCHEDULE OF CASH-COLLECTOR

A-5

	<u>REF.</u>		
<b>Received:</b>			
Miscellaneous Not Anticipated	A-2	\$ 7,742	
Interest and Costs on Taxes	A-2	85,320	
Taxes Receivable	A-6	18,800,332	
2014 Prepaid Taxes	A-13	133,329	
Tax Sale Premiums	B	1,800	
Outside Liens	A	181,619	
Tax Overpayments	A-25	<u>36,096</u>	<u>\$ 19,246,238</u>
<b>Decreased by Disbursements:</b>			
Payments To Treasurer	A-4		<u>\$ 19,246,238</u>

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

YEAR	BALANCE	ADDED	2013 LEVY	CASH COLLECTIONS		CANCELLED	TRANSFER	BALANCE
	<u>12/31/12</u>			<u>2012</u>	<u>2013</u>		TO TAX TITLE LIENS	
2011	\$ 3,672			\$	3,672			
2012	391,377	\$ 5,266			389,660	\$ 357	-	\$ 6,626
	395,049	5,266			393,332	357	-	6,626
2013			\$ 19,006,017	\$ 159,767	18,458,036	8,486	\$ 10,299	369,429
<b>TOTALS</b>	<b>\$ 395,049</b>	<b>\$ 5,266</b>	<b>\$ 19,006,017</b>	<b>\$ 159,767</b>	<b>\$ 18,851,368</b>	<b>\$ 8,843</b>	<b>\$ 10,299</b>	<b>\$ 376,055</b>

REF.	A	A-13	A-7	A
State of New Jersey-Senior Citizens/ Veterans Deductions Received by Collector		A-2 A-5	\$ 51,036 <u>18,800,332</u> <u>\$ 18,851,368</u>	

ANALYSIS OF PROPERTY TAX LEVY:

**Tax Yield:**

General Purpose Tax	\$ 18,887,779
Special District Taxes	73,691
Added/Omitted Taxes (54:4-63.1 et.seq. )	<u>44,547</u>
	<u>\$ 19,006,017</u>

**Tax Levy:**

Local District School Tax	A-16	\$ 9,284,388
Regional High School Tax	A-17	5,279,455
County Taxes:		
County Tax (Abstract )	A-15	\$ 2,693,511
County Library Tax (Abstract )	A-15	269,322
County Open Space (Abstract )	A-15	268,091
Due County for Added and Omitted Taxes(54.4-63.1, et.seq.)	A-15	<u>7,613</u>
Municipal Open Space	A-18	3,238,537
Local Tax for Municipal Purposes	A-2	73,894
Add: Additional Tax Levied		<u>1,093,013</u>
		<u>36,730</u>
		<u>\$ 19,006,017</u>

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 113,775
<b>Increased by:</b>		
Transfers from Taxes Receivable	A-6	<u>10,299</u>
		124,074
<b>Decreased by:</b>		
Canceled		<u>5,585</u>
Balance December 31, 2013	A	<u>\$ 118,489</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>ACCRUED</u> <u>IN 2013</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>		<u>BALANCE</u> <u>12/31/13</u>
Clerk:						
Licenses:						
Alcoholic Beverages	A-2		\$ 15,000	\$ 15,000		
Municipal Court:						
Fines and Costs	A-2		25,564	25,564		
Interest on Investments and Deposits	A-2		4,069	4,069		
Energy Receipts Tax	A-2		2,627,013	2,627,013		
Uniform Fire Safety Act	A-2	-	<u>13,678</u>	<u>13,678</u>		-
Totals		-	<u><b>\$ 2,685,324</b></u>	<u><b>\$ 2,685,324</b></u>		-

REF.

A-4

A

CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

A-9

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 94,200</u>
Balance December 31, 2013	A	<u>\$ 94,200</u>

CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

A-10

	<u>DATE</u> <u>AUTHORIZED</u>	<u>AMOUNT</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>RAISED IN</u> <u>2013 BUDGET</u>
EMS Services-Emergency Authorization N.J.S.A. 40A:4-46	7/18/2013	\$ 80,000	\$ 80,000	\$ 80,000
Overexpended Appropriations-2012		<u>2,813</u>	<u>2,813</u>	<u>2,813</u>
Totals		<u>\$ 82,813</u>	<u>\$ 82,813</u>	<u>\$ 82,813</u>
	REF.	A-3	A	A-3

CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-11

	<u>REF.</u>		
Balance December 31, 2012	A		\$ 72,939
<b>Increased by:</b>			
Transfer from Current Year Appropriations	A-3	\$ 4,577,321	
Additional Encumbrance Appropriations		<u>71,605</u>	<u>4,648,926</u>
			4,721,865
<b>Decreased by:</b>			
Transfer to Appropriation Reserve - Prior Year Balance	A-12	72,939	
Encumbrances Paid	A-4	<u>4,602,736</u>	<u>4,675,675</u>
Balance December 31, 2013	A		<u>\$ 46,190</u>

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

A-12

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Municipal Clerk:				
Other Expenses	\$ 6,068	\$ 6,068	\$ 5,692	\$ 376
Mayor and Council:				
Other Expenses				-
Financial Administration:				
Other Expenses	311	311	105	206
Tax Collection:				
Other Expenses	978	978	550	428
Assessment of Taxes:				
Other Expenses	995	995	150	845
Legal Services:				
Other Expenses	12,140	19,500	19,436	64
Engineering Services:				
Other Expenses	753	2,300	2,250	50
Aid to Historic Museum:				
Other Expenses	43	350	321	29
Planning Board:				
Other Expenses	592	2,500	2,432	68
Board of Adjustment:				
Other Expenses				-
Employee Group Insurance	2,667	2,667	2,626	41
Police:				
Other Expenses	17,646	17,646	17,626	20
Emergency Management:				
Other Expenses				-
Aid to Vol. Fire Companies	50,000	50,000	50,000	
Aid to Vol. Fire Companies-Adjoining	6,225	6,225	2,000	4,225
Contribution to First Aid Squads	12,344	2,000	1,986	14
Street and Road Maintenance:				
Other Expenses	21,781	21,781	21,773	8
Snow Removal	428	40,000	39,742	258
Recycling Program:				
Other Expenses	1,034	1,034	925	109
Buildings and Grounds:				
Other Expenses	1,563	1,563	317	1,246
Board of Health:				
Other Expenses	268	400	400	-
Recreation Committee:				
Other Expenses	983	983	50	933
Maintenance of Parks	607	607	303	304
Aid to Library	455	455	160	295
Petroleum and Utility Products:				
Other Expenses	22,436	22,436	19,696	2,740
Others	63,631	23,149		23,149
	<b><u>\$ 223,948</u></b>	<b><u>\$ 223,948</u></b>	<b><u>\$ 188,540</u></b>	<b><u>\$ 35,408</u></b>
REF.	A	A	A-4	A-1

Analysis of Balance:				
Appropriation Reserves	\$ 151,009		\$ 115,601	
Reserve for Encumbrances	<u>72,939</u>		<u>72,939</u>	
	<u>\$ 223,948</u>		<u>\$ 188,540</u>	

CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 159,767
<b>Increased by:</b>		
2014 Taxes Collected in Advance	A-5	<u>133,329</u>
		293,096
<b>Decreased by:</b>		
Applied to 2013 Taxes Receivable	A-6	<u>159,767</u>
Balance December 31, 2013	A	<u>\$ 133,329</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

A-14

	<u>REF.</u>	
Balance December 31, 2012	A	<u>\$ 5,625</u>
Balance December 31, 2013	A	<u>\$ 5,625</u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 23,190
<b>Increased by:</b>		
2013 Levy:		
County Taxes	A-6	\$ 2,693,511
County Library Taxes	A-6	269,322
County Open Space Tax	A-6	268,091
Prior Year Added and Omitted Taxes	A-6	<u>7,613</u>
		<u>3,238,537</u>
		3,261,727
<b>Decreased by:</b>		
Payments	A-4	<u>3,254,114</u>
Balance December 31, 2013	A	<u>\$ 7,613</u>

CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2012:			
School Tax Payable		\$1,152,325	
School Tax Deferred	A	<u>3,866,263</u>	\$ 5,018,588
<b>Increased by:</b>			
Levy - School Year July 1, 2013 to June 30, 2014	A-6		<u>9,284,388</u>
			14,302,976
<b>Decreased by:</b>			
Payments	A-4		<u>9,660,782</u>
Balance December 31, 2013:			
School Tax Payable	A	775,931	
School Tax Deferred		<u>3,866,263</u>	<u>\$ 4,642,194</u>
 <b>2013 Liability for Local District School Tax:</b>			
Tax Paid			\$ 9,660,782
Tax Payable 12/31/13			<u>4,642,194</u>
			14,302,976
Less -- Current Year Deferred			-
Less -- Tax Payable 12/31/12			<u>5,018,588</u>
 <b>Amount Charged to 2013 Operations</b>	 A-1		 <u>\$ 9,284,388</u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-17

	<u>REF.</u>		
Balance December 31, 2012:			
School Tax Payable		\$ 1,436,604	
School Tax Deferred	A	<u>1,162,452</u>	\$ 2,599,056
<b>Increased by:</b>			
Levy - School Year July 1, 2013 to June 30, 2014	A-6		<u>5,279,455</u>
			7,878,511
<b>Decreased by:</b>			
Payments	A-4		<u>5,238,784</u>
Balance December 31, 2013:			
School Tax Payable	A	977,275	
School Tax Deferred		<u>1,662,452</u>	<u>\$ 2,639,727</u>
 <b>2013 Liability for Regional High School Tax:</b>			
Tax Paid			\$ 5,238,784
Tax Payable 12/31/13			<u>2,639,727</u>
			7,878,511
Less -- Current Year Deferred			500,000
Less -- Tax Payable 12/31/12			<u>2,599,056</u>
 <b>Amount Charged to 2013 Operations</b>	A-1		<u>\$ 4,779,455</u>

CURRENT FUND  
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-18

	<u>REF.</u>					
Balance December 31, 2012	A	\$ 996				
<b>Increased by:</b>						
2013 Municipal Open Space Tax	A-6	\$ 73,691				
Added/Omitted Taxes - 2013	A-6	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">203</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 73,894</td> </tr> <tr> <td></td> <td style="text-align: right;">74,890</td> </tr> </table>	203	\$ 73,894		74,890
203	\$ 73,894					
	74,890					
<b>Increased by:</b>						
Open Space Debt Service	A-4	12,248				
Transfer to Open Space Trust Fund	A-4	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">74,890</td> <td style="text-align: right; border-bottom: 1px solid black;">87,138</td> </tr> </table>	74,890	87,138		
74,890	87,138					
Balance December 31, 2013	A	<u>\$ (12,248)</u>				

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

A-19

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 3,682
<b>Increased by:</b>		
Senior Citizens Deductions Per Tax Billings		\$ 5,036
Veterans Deductions per Tax Billings		<u>46,000</u>
		<u>51,036</u>
		54,718
<b>Decreased by:</b>		
Senior Citizens Deductions Disallowed by Tax Collector Received in Cash from State	A-4	<u>51,036</u>
Balance December 31, 2013	A	<u>\$ 3,682</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR GARDEN STATE GRANT FUND

A-20

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 15,409
<b>Decreased by:</b>		
Realized As Revenue 2013 Budget	A-2	<u>\$ 15,409</u>

CURRENT FUND  
SCHEDULE OF STATE GRANTS RECEIVABLE

A-21

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/13</u>
NJ Transit-Penwell Road	\$ 22,500				\$ 22,500
Neighborhood Preservation Balanced Housing	5,000				5,000
Clean Communities		\$ 19,459	\$ 19,459		
Body Armor Grant	1,210	1,527	1,527	\$ 1,210	
Stormwater Grant	2,500				2,500
Highlands Water Protection	147,800		8,656		139,144
Totals	<b><u>\$ 179,010</u></b>	<b><u>\$ 20,986</u></b>	<b><u>\$ 29,642</u></b>	<b><u>\$ 1,210</u></b>	<b><u>\$ 169,144</u></b>
REF.	A	A-2	A-4	A-22	A

CURRENT FUND  
SCHEDULE OF RESERVE FOR STATE GRANTS-APPROPRIATED

A-22

	<u>BALANCE</u> <u>12/31/12</u>	<u>TRANSFER</u> <u>FROM</u> <u>2013 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/13</u>
Clean Communities - 13	-	\$ 19,459	\$ 7,640	\$ 11,819
Clean Communities - 12	\$ 11,041		11,041	-
Drunk Driving Enforcement Fund	2,807	1,599		4,406
Recycling Tonnage Grant CY 05				-
Recycling Tonnage Grant CY 08	-			-
Recycling Tonnage Grant CY 09	2,767			2,767
Recycling Tonnage Grant CY 11	4,910			4,910
NJDOT-Penwell Road	27,593			27,593
Body Armor CY13		1,527		1,527
Body Armor CY12	1,288			1,288
Body Armor CY11	957		155	802
Body Armor CY10	720		720	-
Stormwater Grant CY 05	5,000			5,000
Stormwater Grant CY 06	5,000			5,000
Stormwater Grant CY 07	5,000			5,000
Stormwater Grant CY 08	5,000			5,000
Tree Grant	1,887			1,887
Click it or Ticket Grant	4,000			4,000
Highlands Initial Assessment Grant	5,104			5,104
Highlands Water Protection	132,371		6,592	125,779
Neighborhood Preservation - Balanced Housing	355			355
<b>Totals</b>	<b>\$ 215,800</b>	<b>\$ 22,585</b>	<b>\$ 26,148</b>	<b>\$ 212,237</b>

REF .                      A                                      A-3                                      A-4                                      A

Budget	\$ 21,058
By 40A:4-87	<u>1,527</u>
	<u>\$ 22,585</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR STATE GRANTS-UNAPPROPRIATED

A-23

	<u>BALANCE</u> <u>12/31/12</u>	<u>TRANSFER</u> <u>TO</u> <u>2013 BUDGET</u> <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/13</u>
Clean Communities	-		\$ 3,387	\$ 3,387
Drunk Driving Enforcement Fund	\$ 1,599	\$ 1,599	1,910	1,910
Law and Public Safety Grant	-		24,358	24,358
Recycling Tonnage Grant	-		4,442	4,442
Environmental Protection Grant	-		7,232	7,232
<b>Totals</b>	<u>\$ 1,599</u>	<u>\$ 1,599</u>	<u>\$ 41,329</u>	<u>\$ 41,329</u>
REF .	A	A-22	A-4	A

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-24

	<u>REF.</u>	
<b>Increased by:</b>		
2013 Tax Overpayments	A-5	<u>\$ 36,096</u>
<b>Decreased by:</b>		
Refunds	A-4	<u>\$ 36,096</u>



# **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2012	B	\$ (1,222)	\$ 1,544,000
<b>Increased by Receipts:</b>			
Dog License Fees	B-3	19,615	
State Dog License Fees	B-4	2,550	
Due Current Fund	B-5:6	8	54,077
Museum Deposits	B-7		1,891
Developers Deposits	B-8		36,051
Driveway Bond Deposits	B-9		6
Unemployment Compensation Insurance	B-10		88
Library Fund Deposits	B-11		1,650
Recreation Commission Deposits	B-12		4,252
Fair Share Housing(COAH) Deposits	B-13		11,387
Off-Track Improvements Deposits	B-14		63
Open Space Deposits	B-15		74,591
Emergency Snow Removal	B-16		39,765
Accumulated Absences Deposits	B-17		37,116
Tax Sale Premiums	B-19		8,515
<b>Total Receipts</b>		22,173	269,452
		<b>20,951</b>	<b>1,813,452</b>
<b>Decreased by Disbursements:</b>			
Expenditures Under R. S. 4:19-15.11	B-3	16,627	
State Dog License Fees	B-4	2,550	
Developers Expenses	B-8		19,777
Unemployment Compensation Insurance Transfers	B-10		5,681
Recreation Trust Payments	B-12		922
Fair Share Housing	B-13		7,184
Off-Track Improvements Payments	B-14		1,921
Open Space Payments	B-15		52,992
Emergency Snow Removal	B-16		61,288
Developers Escrow	B-18		10,400
Tax Sale Premiums	B-19		36,100
<b>Total Disbursements</b>		19,177	196,265
Balance December 31, 2013	B	<b>\$ 1,774</b>	<b>\$ 1,617,187</b>

TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2012	B	\$ (1,227)
<b>Increased by:</b>		
Dog License Fees Collected	B-2	<u>19,615</u> 18,388
<b>Decreased by:</b>		
Expenditures Under R.S. 4:29-15.11	B-2	<u>16,627</u>
Balance December 31, 2013	B	<u>\$ 1,761</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF  
NEW JERSEY DEPARTMENT OF HEALTH

B-4

REF.

**Increased by:**

Collected in 2013:

State Board of Health Fees

B-2    \$ 2,550

**Decreased By:**

Payments

B-2    \$ 2,550

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 5
<b>Increased by:</b>		
Interest Credits	B-2	<u>8</u>
Balance December 31, 2013	B	<u>\$ 13</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
OTHER TRUST FUND

B-6

	<u>REF.</u>	<u>DUE FROM</u>
Balance December 31, 2012	B	\$ 65,233
<b>Decreased by:</b>		
Open Space Debt Service Paid from Current Fund	B-15	\$ 12,248
Driveway Bonds - Beginning Balance Interfund Returned	B-2	1,981
Tax Sale Premium - Beginning Balance Interfund Returned	B-2	51,100
Open Space - Beginning Balance Interfund Returned	B-2	<u>996</u>
		<u>66,325</u>
 Balance December 31, 2013	 B	 <u>\$ (1,092)</u>

**Detail:**

Debt Service Adjustment Prior Year		8,833
Recreation Trust		4,244
Off Track Improvements		(1,921)
Open Space Trust Fund		<u>(12,248)</u>
		<u>\$ (1,092)</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MUSEUM DONATIONS

	REF.	
Balance December 31, 2012	A	\$ 8,350
<b>Increased by:</b>		
Museum Deposits	B-2	<u>1,891</u>
		10,241
Balance December 31, 2013	A	<u>\$ 10,241</u>

B-7

TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 95,584
<b>Increased by:</b>		
Developers Deposits	B-2	<u>36,051</u>
		131,635
<b>Decreased by:</b>		
Developers Payments	B-2	<u>19,777</u>
Balance December 31, 2013	A	<u>\$ 111,858</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-9

	<u>REF.</u>
Balance December 31, 2012	A \$ 6,818
<b>Increased by:</b>	
Driveway Deposits	B-2 <u>    6</u> 6,824
Balance December 31, 2013	A <u>\$ 6,824</u>

TRUST FUND  
SCHEDULE OF UNEMPLOYMENT COMPENSATION INSURANCE  
TRUST DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 91,840
<b>Increased by:</b>		
Interest Credits	B-2	_____88 91,928
<b>Decreased by:</b>		
Transfers to Current Fund	B-2	_____5,681
Balance December 31, 2013	B	<u>\$ 86,247</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR LIBRARY FUND

B-11

	<u>REF.</u>
Balance December 31, 2012	A \$ 5,597
<b>Increased by:</b>	
Deposits and Interest Credits	B-2 <u>1,650</u>
Balance December 31, 2013	A <u>\$ 7,247</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

B-12

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 11,245
<b>Increased by:</b>		
Recreation Deposits	B-2	<u>4,252</u>
		15,497
<b>Decreased by:</b>		
Payments	B-2	<u>922</u>
Balance December 31, 2013	A	<u>\$ 14,575</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR FAIR SHARE HOUSING (COAH) DEPOSITS

B-13

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 90,698
<b>Increased by:</b>		
COAH Deposits Received	B-2	<u>11,387</u>
		102,085
<b>Decreased by:</b>		
COAH Payments	B-2	<u>7,184</u>
Balance December 31, 2013	A	<u>\$ 94,901</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR OFF-TRACK IMPROVEMENTS

B-14

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 61,671
<b>Increased by:</b>		
Off-Track Improvement Deposits	B-2	<u>        63</u> 61,734
<b>Decreased by:</b>		
Payments	B-2	<u>    1,921</u>
Balance December 31, 2013	A	<u>\$ 59,813</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

B-15

	<u>REF.</u>		
Balance December 31, 2012	B	\$	949,701
<b>Increased by:</b>			
Open Space Levy-2013	B-2	\$	73,894
Interest Credits	B-2		697
			<u>74,591</u>
			1,024,292
<b>Decreased by:</b>			
Open Space Expenditures	B-2		52,992
NJ Environment Infrastructure Trust Debt Service	B-6		12,248
			<u>65,240</u>
Balance December 31, 2013	B	\$	<u>959,052</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR EMERGENCY SNOW REMOVAL

B-16

	<u>REF.</u>					
Balance December 31, 2012	B	\$ 50,192				
<b>Increased by:</b>						
Current Fund Budget Appropriation	B-2	\$ 39,742				
Deposits-Interest	B-2	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">23</td> <td style="text-align: right; border-bottom: 1px solid black;">39,765</td> </tr> <tr> <td></td> <td style="text-align: right;">89,957</td> </tr> </table>	23	39,765		89,957
23	39,765					
	89,957					
<b>Decreased by:</b>						
Payments	B-2	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">61,288</td> </tr> </table>	61,288			
61,288						
Balance December 31, 2013	B	<u>\$ 28,669</u>				

TRUST FUND  
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

B-17

	<u>REF.</u>	
Balance December 31, 2012	A	\$ 115,504
<b>Increased by:</b>		
Deposits-Township Appropriation and Interest	B-2	<u>37,116</u>
Balance December 31, 2013	A	<u>\$ 152,620</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW

B-18

	<u>REF.</u>	
Balance December 31, 2012	B	\$ 63,102
<b>Decreased by:</b>		
Deposits Returned	B-2	<u>10,400</u>
Balance December 31, 2013	B	<u>\$ 52,702</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-19

	<u>REF.</u>		
Balance December 31, 2012	B		\$ 58,931
<b>Increased by:</b>			
Premiums Received	B-2	\$ 8,500	
Interest Credits	B-2	<u>15</u>	<u>8,515</u>
			67,446
<b>Decreased by:</b>			
Tax Sale Premiums Refunded	B-2		<u>36,100</u>
Balance December 31, 2013	B		<u>\$ 31,346</u>

# **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2012	C		\$ 775,745
<b>Increased by Receipts:</b>			
Interest Credits	C-5	\$ 454	
Interfund Balances Advanced-Curent Fund	C-5	543,698	
Interfund Balances Advanced-Open Space Fund	C-6	250,000	
Bond Anticipation Note Proceeds-New Notes	C-9	1,529,500	
Bond Anticipation Note Proceeds-Renewal	C-5	<u>4,358,912</u>	<u>6,682,564</u>
			7,458,309
<b>Decreased by Disbursements:</b>			
Improvements Authorizations Paid	C-11	1,259,203	
Interfund Returns - Open Space Fund	C-6	250,000	
Interfund Returns - Current Fund	C-5	1,053	
Bond Anticipation Note Payment	C-5	<u>4,881,031</u>	<u>6,391,287</u>
Balance December 31, 2013	C		<u>\$ 1,067,022</u>

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-3

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 678,684
<b>Decreased by:</b>		
Serial Bonds Paid by Open Space Trust Fund	C-8	<u>57,750</u>
Balance December 31, 2013	C	<u>\$ 620,934</u>

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

C-4

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/12	2013 AUTHORIZATIONS	NOTES PAID BY BUDGET APPROPRIATION	DEFERRED CHARGES PAID BY BUDGET APPROPRIATION	BALANCE 12/31/13	ANALYSIS OF BALANCE	
							DEBT AUTHORIZED, NOT ISSUED	DEBT ISSUED (BAN'S)
03-07	Purchase of Fire Truck and Ambulance	\$ 178,428		\$ 30,000	\$ 88,428	\$ 60,000		\$ 60,000
04-09	Acquisition of Development and Easement Rights	438,832			438,832	-		-
05-11	Fire Pumper, Dump Truck, Various Improvements	213,896		71,297		142,599		142,599
05-14	Acquisition of Development and Easement Rights	495,917			373,008	122,909	\$ 122,909	-
06-08	Loader, Fuel Tanks, Windows, Police Equip.	111,625		22,325		89,300		89,300
07-10	Road Resurfacing, Library Roof, Well, Traffic Safety Sign, Trailer, Salt Spreader, Tarps, Pick-up Turck & Plow, Fire ATV	152,891		30,578		122,313		122,313
08-07	Police Garage, Generator, File Cabs, IT equip, Mason Dump Truck, Road Resurfacing	296,550		32,950		263,600		263,600
09-03	DPW Garage Feasibility	171,000		19,000		152,000		152,000
09-06; 10-03	Road Resurfacing, DPW vehicles & Lift, Fire Tanker	659,000		65,900		593,100		593,100
09-07	DPW Garage	1,900,000		190,000		1,710,000		1,710,000
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	633,200				633,200		633,200
11-02	Fire and Rescue Squad Ambulance	164,800				164,800		164,800
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	428,000				428,000		428,000
11-07	Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	32,825				32,825	32,825	-
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	570,000				570,000		570,000
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	437,000				437,000		437,000
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System		\$ 522,500			522,500		522,500
		<b>\$ 6,883,964</b>	<b>\$ 522,500</b>	<b>\$ 462,050</b>	<b>\$ 900,268</b>	<b>\$ 6,044,146</b>	<b>\$ 155,734</b>	<b>\$ 5,888,412</b>

REF.

C

C-11

C-9

C-5

C

C-8

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-5

	REF.		
Balance December 31, 2012	C	\$	1,053
<b>Increased by:</b>			
Interest Credits	C-2	\$	454
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-1		900,268
Interfund Balances Advanced	C-2		543,698
			<u>1,444,420</u>
			1,445,473
<b>Decreased by:</b>			
Capital Improvement Fund Budget Appropriation	C-7		23,000
Deferred Charges Raised in Current Fund Operating Budget	C-4		900,268
Interfund Balances Returned	C-2		1,053
Bond Anticipation Notes Principle and Interest Paid from General Capital Func	C-2		522,119
			<u>1,446,440</u>
Balance December 31, 2013	C	\$	<u>(967)</u>

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE MUNICIPAL OPEN SPACE TRUST FUND

C-6

REF.

**Increased by:**

Interfund Balances Advanced

C-2

\$ 250,000

250,000

**Decreased by:**

Interfund Balances Returned

C-2

\$ 250,000

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-7

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 124,516
<b>Increased by:</b>		
2013 Budget Appropriations	C-5	<u>23,000</u>
		147,516
<b>Decreased by:</b>		
Appropriation to Finance Improvement Authorizations	C-11	<u>27,500</u>
Balance December 31, 2013	C	<u>\$ 120,016</u>

GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY TRUST LOAN PROGRAM

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORD#</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/12</u>	<u>DECREASED</u>	<u>BALANCE 12/31/13</u>
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$470,135	2014-2023	\$22,208 to \$26,904	None	\$ 266,193	26,575	\$ 239,618
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$175,000	2014-2023	\$5,000 to \$15,000.	3.0% to 5.0%	120,000	10,000	110,000
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$341,266	2014-2024	\$8,282 to \$18,836	None	207,491	16,175	191,316
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$120,000	2014-2024	\$5,000 to \$10,000	3.0% to 5.0%	85,000	5,000	80,000
							<b>\$ 678,684</b>	<b>\$ 57,750</b>	<b>\$ 620,934</b>
REF.							C	C-3	C

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

C-9

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/12	ISSUED	DECREASED	BALANCE 12/31/13
05-11	Fire Pumper, Dump Truck, Road Resurfacing Computer, Municipal Bldg.Imps., Breathalyzer	9/16/05	9/6/13	9/5/14	0.84%	\$ 213,896		\$ 71,297	\$ 142,599
03-07	Purchase of Fire Truck and Ambulance	9/16/05	9/6/13	9/5/14	0.84%	90,000		30,000	60,000
07-10	Road Resurfacing, Library Roof, Well, Traffic Safety Sign, Trailer, Salt Spreader, Tarps, Pick- up Turck & Plow, Fire ATV	9/14/07	9/6/13	9/5/14	0.84%	152,891		30,578	122,313
08-07	Police Garage, Generator, File Cabs, IT equip, Mason Dump Truck, Road Resurfacing	12/23/09	9/6/13	9/5/14	0.84%	296,550		32,950	263,600
09-03	DPW Garage Feasibility	12/23/09	9/6/13	9/5/14	0.84%	171,000		19,000	152,000
09-07	DPW Garage	9/10/10	9/6/13	9/5/14	0.84%	1,900,000		190,000	1,710,000
10-03	Road Resurfacing, DPW Trucks, Vehicle Lift, Library Heating, Tanker Fire Turck	9/10/10	9/6/13	9/5/14	0.84%	659,000		65,900	593,100
11-02	Fire and Rescue Squad Ambulance	9/9/11	9/6/13	9/5/14	0.84%	164,800			164,800
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	9/7/12	9/6/13	9/5/14	0.84%	428,000			428,000
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	9/6/13	9/6/13	9/5/14	0.84%		\$ 570,000		570,000
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	9/6/13	9/6/13	9/5/14	0.84%		437,000		437,000
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	9/6/13	9/6/13	9/5/14	0.84%		522,500		522,500
06-08	Loader, Fuel Tanks, Windows, Police Equip.	2/9/07	2/1/13	1/31/14	1.25%	111,625		22,325	89,300
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	2/4/11	2/1/13	1/31/14	1.25%	633,200			633,200
						<b>\$ 4,820,962</b>	<b>\$ 1,529,500</b>	<b>\$ 462,050</b>	<b>\$ 5,888,412</b>

GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES

C-10

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/13</u>
Fire Truck and Ambulance	<u>\$ 17,233</u>	<u>\$ 17,233</u>
	<u>\$ 17,233</u>	<u>\$ 17,233</u>
REF.	C	C

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/12</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/13</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
New Municipal Garage	08-12	12/17/08	38,058	\$ 1,536					\$ 1,536	
DPW Garage Feasibility	09-03	4/15/09	200,000		\$ 111,343					\$ 111,343
DPW Garage	09-07	10/7/09	2,000,000		191,878			\$ 191,878		-
Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	10-14	10/20/10	665,000		163,963			41,682		122,281
Fire and Rescue Squad Ambulance	11-02	1/19/11	175,000		178					178
DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	11-07	8/3/11	450,000		300,800			300,800		-
Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	11-07	8/3/11	35,000		11,480					11,480
Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	11-10	11/2/11	600,000	30,000	570,000			348,372		251,628
Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	12-01	8/1/12	460,000		403,901			275,509		128,392
DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	13-09	6/19/13	550,000			\$ 27,500	\$ 522,500	100,962		449,038
				<b>\$ 31,536</b>	<b>\$ 1,753,543</b>	<b>\$ 27,500</b>	<b>\$ 522,500</b>	<b>\$ 1,259,203</b>	<b>\$ 1,536</b>	<b>\$ 1,074,340</b>
REF.				C	C	C-7	C-4	C-2	C	C

## **SCHEDULE OF GENERAL FIXED ASSETS**

GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2013

F-1

	<u>BALANCE</u> <u>12/31/12</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/13</u>
General Fixed Assets:			
Land	\$ 3,510,219		\$ 3,510,219
Buildings	3,988,032	\$ 799,041	4,787,073
Machinery and Equipment	<u>8,049,435</u>	<u>398,297</u>	<u>8,447,732</u>
Total General Fixed Assets	<b><u>\$ 15,547,686</u></b>	<b><u>\$ 1,197,338</u></b>	<b><u>\$ 16,745,024</u></b>

**PART III  
SUPPLEMENTARY INFORMATION**

**General Comments**

**Report on Internal Control over Financial Reporting  
and Compliance and Other Matters based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Schedule of Federal/State Awards**

**Status of Prior Audit Findings**

**Schedule of Findings and Responses**



## **GENERAL COMMENTS**

### **Scope of Audit**

The audit of the financial statements of the Township of Lebanon, County of Hunterdon, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2011, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$36,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

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

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 determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

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

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

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

“Be It Resolved that pursuant to R.S.54:4-67, the Township Committee of the Township of Lebanon, County of Hunterdon, and State of New Jersey, hereby fixes the rate of interest to be charged on all delinquent taxes for the year 2004 at the rate of eight (8) per cent per annum for the first \$1,500 and eighteen (18) per cent for amounts over \$1,500.

Be It Further Resolved, that notwithstanding the above provision, no interest shall be charged if payment of any quarterly installment is made within ten (10) days after the date upon which the same become payable according to the laws in such cases made and provided. If such payment is not made within the ten (10) days grace period, the above rate of interest shall run and accrue from the original due date of such taxes.”

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 2, 2013, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2013, include property taxes outstanding from the 2012 and 2013 tax levy.

A tax sale was held on October 11, 2013 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2013	19
2012	20
2011	17

**Verification of Delinquent Taxes and Other Charges**

Verification notices were mailed to confirm balances as of November 22, 2013. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax Date of Circulars - November 22, 2013				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2013 Property Tax	Positive	2,954	25	10
2014 Property Tax	Positive	2,954	25	10
2013 Delinquent Tax	Negative	374	25	6

## Technical Accounting Directives

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Lebanon to these new directives are as follows:

<u>Requirement</u>	FY 2013 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

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

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2013</u>	<u>%</u>	<u>YEAR 2012</u>	<u>%</u>
Fund Balance Utilized	\$ 1,164,000	4.82%	\$ 999,838	4.15%
Miscellaneous - From Other Than				
Local Property Tax Levies	3,981,940	16.48%	3,626,185	15.05%
Collection of Delinquent Taxes and				
Tax Title Liens	393,332	1.63%	391,139	1.62%
Collection of Current Tax Levy	<u>18,617,803</u>	<u>77.07%</u>	<u>19,075,672</u>	<u>79.18%</u>
<b>Total Income</b>	<u>24,157,075</u>	<u>100.00%</u>	<u>24,092,834</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	5,663,370	24.40%	4,521,837	19.72%
Open Space Trust	73,894	0.32%	75,517	0.33%
County Taxes	3,238,537	13.95%	3,312,955	14.45%
Local and Regional Taxes	14,063,843	60.59%	14,935,288	65.14%
Other Expenditures	<u>170,364</u>	<u>0.73%</u>	<u>82,520</u>	<u>0.36%</u>

<b>Total Expenditures</b>	<u>23,210,008</u>	<u>100.00%</u>	<u>22,928,117</u>	<u>100.00%</u>
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Excess in Revenue	947,067		1,164,717	
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>82,813</u>	
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Statutory Excess To Fund Balance	947,067		1,247,530	
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Fund Balance January 1	1,251,212		1,003,520	
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Less:

Utilization as Anticipated Revenue	<u>1,164,000</u>		<u>999,838</u>	
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Fund Balance December 31	<u>\$ 1,034,279</u>		<u>\$ 1,251,212</u>	
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**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.574</u>	<u>\$2.596</u>	<u>\$2.642</u>
<u>Apportionment of Tax Rate:</u>			
Municipal Open Space	0.010	0.010	0.010
Municipal	0.148	0.099	0.091
County	0.404	0.404	0.403
County Open Space	0.036	0.038	0.039
Local School	1.260	1.347	1.381
Regional High School	0.716	0.698	0.718

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2013	\$736,909,870
2012	\$745,212,424
2011	\$749,942,158

**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>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 19,006,017	\$18,617,803	97.95%
2012	\$ 19,482,121	\$19,075,673	97.91%
2011	\$ 19,938,789	\$19,542,169	98.01%

**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>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$118,489	\$376,055	\$494,544	2.60%
2012	\$113,775	\$395,049	\$508,824	2.61%
2011	\$94,917	\$389,864	\$484,781	2.43%

**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	\$94,200
2012	\$94,200
2010	\$94,200

**Comparative Schedule of Fund Balances**

<u>Year</u>	<u>Balance December 31</u>		<u>Utilized In Budget of Succeeding Year</u>	
			<u>Regular</u>	<u>Defer School Tax</u>
2013	\$ 1,034,279	*	\$ 630,000	\$500,000
2012	\$ 1,251,212		\$ 864,000	\$300,000
2011	\$ 1,003,520		\$ 329,838	\$670,000
2010	\$ 1,028,381		\$ 625,000	\$375,000
2009	\$ 1,024,964		\$ 406,000	\$600,000

\*Approved (Introduced) Budget

**Officials in Office and Surety Bonds**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Tom McKee	Mayor		
Patricia Schriver	Committee		
Bernard Cryan	Committee		
Frank Morrison	Committee		
Ronald Milkowski	Committee		
Karen Sandorse	Township Clerk		
Gregory J. Della Pia	Chief Financial Officer	\$100,000	Selective Insurance Co.

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Mary Hyland	Tax Collector	\$130,000	Selective Insurance Co.
Richard Cushing	Attorney		
Mary Mastro	Assessor		
Chris J. Mattson	Police Chief		

The minimum bond coverage for the Tax Collector based on prior years' tax levies is as follows:

<u>Year</u>	<u>Amount</u>
2013	\$128,205

All other officials handling monies, except the Collector, CMFO and Treasurer, were covered by a **faithful performance blanket position** bond in the amount of \$10,000 by the Selective Insurance Company.

All the bonds were examined and were properly executed.



## **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

**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

The Honorable Mayor and  
Members of the Township Committee  
Township of Lebanon  
530 West Hill Road  
Glen Gardner, New Jersey 08826

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Lebanon in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township of Lebanon's basic financial statements, and have issued our report thereon dated May 9, 2014, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

-Continued-

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

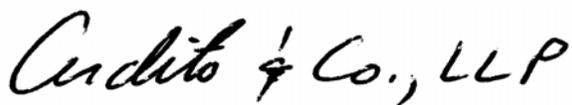
### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

ARDITO & CO., LLP



Frenchtown, New Jersey

May 9, 2014



Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

May 9, 2014

## **SCHEDULE OF FEDERAL/STATE AWARDS**

**SCHEDULE OF FEDERAL AWARDS**  
FOR THE YEAR ENDED DECEMBER 31, 2013

**K-3**

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13	<u>RECEIPTS</u>		<u>DISBURSEMENTS</u>	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13	<u>TOTAL DISBURSEMENTS</u>
						<u>PROGRAM</u>	<u>OTHER</u>			
DEPARTMENT OF HOMELAND SECURITY Disaster Grants - Public Assist (Presidentially Declared)-Hurr. Sandy	97.036	\$ 39,303	2012	A	\$ 39,303	\$ 39,303	\$ 39,303	\$ -	\$ 39,303	
					-	\$ 39,303	-	\$ 39,303	-	\$ 39,303

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

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Table with columns: STATE GRANTOR/PROGRAM TITLE, ACCOUNT NUMBER, PROGRAM OR AWARD AMOUNT, GRANT PERIOD, FUND REF., CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13, RECEIPTS PROGRAM OTHER, DISBURSEMENTS, CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13. Rows include DEPT. OF COMMUNITY AFFAIRS, DEPT. OF ENVIRON. PROTECTION, DEPT. OF PUBLIC SAFETY, DEPT. OF TRANSPORTATION, and OTHER STATE AIDS.

Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 04-04.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF LEBANON

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2013

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. However, these schedules were not subject to an audit in accordance with OMB Circular A-133 or NJOMB Circular 04-04.

**NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

## **STATUS OF PRIOR AUDIT FINDINGS**

**STATUS OF PRIOR AUDIT FINDINGS**

**CY**  
**Occurrence**

2012-1      I suggest that all interfunds be transferred to their respective funds.

**STATUS - Finding is corrected.**

2012-2      I suggest that final documentation for related projects be filed with the proper state agencies for the collection of all outstanding loan proceed balances.

**STATUS - Finding is corrected.**

2012-3      I suggest that the Township ensure controls are present to prevent overexpenditures.

**STATUS - Finding is corrected.**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**GENERAL FINDINGS**

**SCHEDULE OF FINDINGS AND RESPONSES**

**GENERAL FINDINGS**

YEAR ENDED DECEMBER 31, 2013

**Summary of Auditor's Results**

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2013 as grant expenditures were less than the single audit thresholds of \$500,000, identified in the Circulars.

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

**Finding**

None