TOWNSHIP OF SOUTH HARRISON

COUNTY OF GLOUCESTER

REPORT OF AUDIT

For the Year Ended December 31, 2013

Information Only

TOWNSHIP OF SOUTH HARRISON

TABLE OF CONTENTS

		PAGE NO.
AUDITOR'S REPORTS		
	Independent Auditor's Report	1-3
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	4-5
CURRENT FUND - Exhibits		
A	Comparative Balance Sheets	6
A-1	Comparative Statements of Operations and Changes in Fund Balance	7
A-2	Statement of Revenues	8-10
A-3	Statement of Expenditures	11-18
TRUST FUND - Exhibits		
B	Comparative Balance Sheets	19
GENERAL CAPITAL FUND - Exhibits		
C	Comparative Balance Sheets	20
PAYROLL ACCOUNT - Exhibits		
F	Comparative Balance Sheets	21
GENERAL FIXED ASSETS - Exhibit		
G	Comparative Balance Sheets	22
NOTES TO FINANCIAL STATEMENTS		23-36

Information Only

PAGE NO.

CURRENT FUND - Exhibits

A-4	Schedule of Cash - Chief Financial Officer	37
A-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	38
A-6	Schedule of Tax Title Liens	39
A-7	Schedule of Revenue Accounts Receivable	40
A-8	Schedule of Appropriation Reserves - 2012	41-43
A-9	Schedule of Local District School Taxes	44
A-10	Schedule of Regional High School District Tax	45
A-11	Schedule of County Taxes	46
A-12	Schedule of Federal, State and Local Grants Receivable	47
A-13	Schedule of Reserve for State Grants - Unappropriated	48
A-14	Schedule of Reserve for Federal, State and Local Grants - Appropriated	49

TRUST FUND - Exhibits

B-1	Schedule of Cash - Chief Financial Officer	50-51
B-2	Schedule of Cash - Tax Collector	52
B-3	Schedule of Reserve for Dog Fund Expenditures	53
B-4	Schedule of Deposits for Redemption of Tax Title Liens	54
B-5	Schedule of Reserve for Municipal Open Space	55

GENERAL CAPITAL FUND - Exhibits

C-1	Schedule of Cash - Chief Financial Officer	56
C-2	Analysis of Cash	57
C-3	Schedule of Capital Improvement Fund	58
C-4	Schedule of Capital Reserves	59
C-5	Schedule of Improvement Authorizations	60

Information Only

PAGE NO.

PAYROLL ACCOUNT - Exhibits

F-1	Schedule of Cash - Chief Financial Officer	61
F-2	Schedule of Payroll Deductions Payable	62

GENERAL COMMENTS 63-65

OTHER COMMENTS 65

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 66

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT 67

OFFICIALS IN OFFICE AND SURETY BONDS 68

APPRECIATION 69

Information Only

TOWNSHIP OF SOUTH HARRISON

****

REPORT OF EXAMINATION ON FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For the Year Ended December 31, 2013

Information Only

Ball
Buckley &
Seher, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PCPS
THE AICPA ALLIANCE FOR CPA FIRMS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of South Harrison
County of Gloucester
Harrisonville, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of South Harrison, County of Gloucester, State of New Jersey, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balances - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds, as of and for the year ended December 31, 2013, which collectively comprise the Township of South Harrison's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting described in Note A; this includes determining that the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Information only

1301 NORTH BROAD STREET · WOODBURY, NEW JERSEY 08096-1293
TELEPHONE (856) 848-6250 · TELECOPIER (856) 848-0405
1252 KINGS HIGHWAY · SWEDESBORO, NEW JERSEY 08085
TELEPHONE (856) 467-4430 · TELECOPIER (856) 467-9548
EMAIL: ballbuckleyseher@bbscpas.com
www.ballbuckleysehercpas.com

Basis of Accounting

As discussed in Note 1, the Township of South Harrison prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey. These practices are a basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Opinion

In our opinion, because of the effects on the financial statements of the requirement that the Township of South Harrison prepare its financial statements in accordance with the accounting practices 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 of South Harrison as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - regulatory basis of the various funds and account groups of the Township of South Harrison as of December 31, 2013 and 2012, and the results of operations and changes in fund balances - 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 years ended December 31, 2013 and 2012 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Township of South Harrison's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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*, and should be considered in assessing the results of our audit.

Information Only

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of South Harrison's financial statements as a whole. The accompanying supplemental schedules and information presented in the "General Comments", "Other Comments", and "Schedule of Findings and Questioned Costs" sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants

William H. Buckley, III

William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant

June 20, 2014

Information Only

Ball
Buckley &
Seher, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PCPS
THE AICPA ALLIANCE FOR CPA FIRMS

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

Information Only

The Honorable Mayor and Members
of the Township Committee
Township of South Harrison
County of Gloucester
Harrisonville, New Jersey

We have audited the financial statements - regulatory basis of the Township of South Harrison, County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2013, and have issued our report thereon dated June 20, 2014 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of South Harrison's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of South Harrison's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Township of South Harrison's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township of South Harrison's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. 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.

1301 NORTH BROAD STREET · WOODBURY, NEW JERSEY 08096-1293
TELEPHONE (856) 848-6250 · TELECOPIER (856) 848-0405
1252 KINGS HIGHWAY · SWEDESBORO, NEW JERSEY 08085
TELEPHONE (856) 467-4430 · TELECOPIER (856) 467-9548
EMAIL: ballbuckleyseher@bbscpas.com
www.ballbuckleysehercpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of South Harrison's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying summary schedule of prior year audit findings and questioned costs as item 2010-2.

Purpose of this Report

This report is intended solely for the information and use of management, the Township Committee of the Township of South Harrison, others within the entity, and federal awarding agencies and pass-through entities, the New Jersey Division of Local Government Services, and certain other interested government agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants

William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant

June 20, 2014

Information Only

CURRENT FUND

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2013 and 2012

ASSETS	Ref.	Balance December 31, 2013	Restated Balance December 31, 2012
Regular fund:			
Cash - chief financial officer	A-4	$ 2,183,366.29	$ 2,012,802.06
Cash - change fund		50.00	50.00
		2,183,416.29	2,012,852.06
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	147,212.01	146,852.47
Tax title liens receivable	A-6	33,712.10	31,879.32
Amount due from state and federal grant fund	A	0.00	151,487.35
Amount due from dog trust fund	B	975.91	0.00
Amount due from general capital fund	C	0.00	20.15
Amount due from payroll account	F	27,598.50	28,386.53
Amount due trust- other funds	B	47.96	1,666.50
Revenue accounts receivable	A-7	10,482.23	9,529.32
		220,028.71	369,961.64
Deferred charges:			
Special emergency authorizations		44,333.34	95,666.67
		44,333.34	95,666.67
Total regular fund		2,447,778.34	2,478,480.37
Federal and state grant fund:			
State grants receivable	A-12	348,437.22	316,618.66
Due from current fund		18,123.62	0.00
		366,560.84	316,618.66
Total		$ 2,814,339.18	$ 2,795,099.03

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance December 31, 2013	Restated Balance December 31, 2012
Regular fund:			
Appropriation reserves	A-3;A-8	$ 220,583.90	$ 131,397.29
Encumbrances payable	A-3	529.49	0.00
Due to State of New Jersey:			
Senior citizens and veterans deductions		5,769.35	6,281.25
Marriage license fees		100.00	150.00
Due county for added and omitted taxes	A-11	16,753.83	16,569.47
Due to federal and state grant fund		18,123.62	0.00
Amount due to general capital fund	B	100.24	0.00
Due to dog license trust fund	B	0.00	49.59
Accounts payable		1,674.85	1,674.85
Local district school tax payable	A-9	947,591.75	923,214.75
Prepaid taxes	A-4;A-5	92,902.03	93,286.04
Tax overpayments		15,268.91	29,722.19
Reserve for revaluation of real property and the preparation of an approved tax map		2,751.79	2,751.79
Regional high school taxes payable	A-10	3.36	3.00
Reserve for special emergency		3,634.54	3,634.54
Emergency notes payable	A-4	44,333.34	88,666.67
		1,370,121.00	1,297,401.43
Reserve for receivables and other assets	A	220,028.71	369,961.64
Fund balance	A-1	857,628.63	811,117.30
		2,447,778.34	2,478,480.37
Federal and state grant fund:			
Reserve for state grants:			
Appropriated	A-14	350,591.50	145,361.28
Unappropriated	A-13	4,419.34	4,677.03
Due to current fund	A	0.00	151,487.35
Reserve for encumbrances		0.00	3,543.00
Due to general capital fund	C	11,550.00	11,550.00
		366,560.84	316,618.66
Total		$ 2,814,339.18	$ 2,795,099.03

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2012

	Ref.	Year 2013	Year 2012
Revenue and other income realized:			
Fund balance utilized	A-2	$ 269,000.00	$ 200,000.00
Miscellaneous revenue anticipated	A-2	1,267,627.63	1,184,756.79
Receipts from delinquent taxes	A-2	166,010.27	177,492.37
Receipts from current taxes	A-2	9,394,628.37	9,159,7[illegible]5.41
Non-budget revenue	A-2	9,171.47	115,1[illegible].75
Other credits to income:			
Unexpended balance of appropriation reserves	A-8	93,356.6[illegible]	98,445.88
Interfunds cleared		154,054.[illegible]7	2,467.55
Total income		11,[illegible]53,8[illegible].48	10,938,027.75
Expenditures:			
Budget operations:			
Operations within "CAPS":			
Salaries and wages	A-3	609,350.00	569,300.00
Other expenses	A-3	856,475.00	796,975.00
Deferred charges and statutory expenditures		149,793.00	147,626.00
Operations excluded from "CAPS":			
Salaries and wages	A-3	17,224.00	17,224.00
Other expenses	A-3	328,656.40	324,462.83
Capital improvements	A-3	26,250.00	75,900.00
Debt service	A-3	885.20	994.81
Deferred charges	A-3	51,333.33	51,333.33
County taxes	A-11	2,364,411.72	2,198,770.06
Due county for added and omitted taxes	A-11	16,753.83	16,569.47
Local district school tax	A-9	3,606,699.00	3,545,873.00
Regional high school tax	A-10	2,993,244.00	2,818,832.38
Municipal open space tax	A-5	0.00	40,587.14
Due municipal open space for added and omitted taxes	A-5	0.00	304.11
Prior year statutory deductions disallowed		4,250.00	0.00
Grants receivable canceled	A-12	12,035.76	0.00
Interfunds created		975.91	100,111.84
Total expenditures		11,038,337.15	10,704,863.97
Excess or (deficit) in revenue		315,511.33	233,163.78
Fund balance - January 1	A	811,117.30	777,953.52
		1,126,628.63	1,011,117.30
Decreased by utilization as anticipated revenue	A-2	269,000.00	200,000.00
Fund balance - December 31	A	$ 857,628.63	$ 811,117.30

See accompanying notes to the financial statements.

Information Only

EXHIBIT A-2

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Ref.	Anticipated Budget	Anticipated Special N.J.S 40A:4-87	Realized	Excess Or (Deficit)
Fund balance anticipated	A-1	$ 269,000.00	$ 0.00	$ 269,000.00	$ 0.00
Miscellaneous revenues:					
Fees and permits	A-2	15,000.00	0.00	18,749.35	3,749.35
Fines and costs - municipal court	A-7	30,000.00	0.00	68,017.14	38,017.14
Interest and costs on taxes	A-7	30,000.00	0.00	34,237.47	4,237.47
Consolidated municipal property tax relief act	A-7	14,222.00	0.00	11,566.00	(2,656.00)
Energy receipts tax	A-7	115,736.00	0.00	118,392.05	2,656.05
Franchise fees- cable tv	A-7	7,000.00	0.00	7,296.22	296.22
Host municipality benefits	A-4	615,000.00	0.00	670,435.00	55,435.00
Clean communities grant	A-12	0.00	7,749.37	7,749.37	0.00
Municipal alliance for drug and alcohol abuse	A-12	7,784.00	0.00	7,784.00	0.00
Body armor fund	A-12	937.83	0.00	937.83	0.00
Reserve for recycling tonnage grant	A-12	3,739.20	0.00	3,739.20	0.00
Safe and secure communities grant	A-12	17,224.00	0.00	17,224.00	0.00
State road aid- Cedar Grove Road	A-12	0.00	300,000.00	300,000.00	0.00
Association of New Jersey environmental commissions	A-12	0.00	1,500.00	1,500.00	0.00
Total	A-1	856,643.03	309,249.37	1,267,627.63	101,735.23
Receipts from delinquent taxes	A-2	150,000.00	0.00	166,010.27	16,010.27
Amount to be raised by taxes for support of municipal budget - local taxes for municipal purposes	A-2	694,299.49	0.00	652,629.98	(41,669.51)
Budget totals		1,969,942.52	309,249.37	2,355,267.88	76,075.99
Non-budget revenues	A-2	0.00	0.00	9,171.47	9,171.47
Total		$ 1,969,942.52	$ 309,249.37	$ 2,364,439.35	$ 85,247.46

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2013

ANALYSIS OF REALIZED REVENUES

	Ref.	
Allocations of current tax collections:		
Revenue from collections	A-1,A-5	$ 9,394,628.37
Allocated to:		
School, county, and special district taxes	A-5	8,981,108.55
Balance for support of municipal appropriations		413,519.82
Add: appropriation "reserve for uncollected taxes"	A-3	239,110.16
Amount for support of municipal budget appropriations	A-2	$ 652,629.98
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-5	$ 165,884.61
Tax title lien collections	A-6	125.66
Total	A-2	$ 166,010.27
Fees and permits:		
Township clerk	A-7	$ 17,900.00
Police	A-7	798.35
Registrar of vital statistics	A-7	51.00
Total fees and permits		$ 18,749.35
	Ref.	A-2

Information Only

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Ref.		
Miscellaneous revenue not anticipated:			
Cash collections:			
Road inspection fines from the D.M.V.		$ 1,435.50	
Various licenses		102.00	
Property owner list		420.00	
Senior citizens/veterans administrative charge		464.76	
Interest earned on investments		4,350.51	
Prior year voided checks		260.20	
Tax searches		20.00	
Miscellaneous		852.47	
Total cash collections	A-4		$ 7,905.44
Non-cash collections:			
Statutory excess in dog license fund	B-3	1,025.50	
Interest on investments		240.53	
Total non-cash collections			1,266.03
Total miscellaneous revenue not anticipated	A-2		$ 9,171.47

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAP"						
Department of administration and finance:						
General administration:						
Other expenses	$ 11,000.00	$ 11,000.00	$ 8,147.88	$ 0.00	$ 2,852.12	$ 0.00
Human resources (personnel):						
Other expenses	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00
Executive:						
Salaries and wages	13,250.00	13,250.00	13,225.45	0.00	24.55	0.00
Other expenses	3,000.00	3,200.00	3,148.68	0.00	51.32	0.00
Municipal clerk:						
Salaries and wages	68,600.00	68,900.00	68,893.89	0.00	6.11	0.00
Other expenses	15,200.00	15,200.00	11,563.26	0.00	3,636.74	0.00
Financial administration:						
Salaries and wages	30,000.00	30,000.00	29,558.46	0.00	441.54	0.00
Other expenses	10,000.00	10,000.00	7,420.71	0.00	2,579.29	0.00
Audit services:						
Other expenses	25,500.00	25,500.00	25,500.00	0.00	0.00	0.00
Revenue administration (tax collector):						
Salaries and wages	16,600.00	17,350.00	17,313.14	0.00	36.86	0.00
Other expenses	7,400.00	7,400.00	4,685.73	0.00	2,714.27	0.00
Legal services and costs:						
Other expenses	77,500.00	77,500.00	53,326.17	0.00	24,173.83	0.00
Engineering services and costs:						
Other expenses	23,000.00	23,000.00	17,394.04	0.00	5,605.96	0.00

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAP"						
Land use administration:						
Planning board:						
Salaries and wages	$ 16,000.00	$ 16,250.00	$ 16,226.14	$ 0.00	$ 23.86	$ 0.00
Other expenses	10,500.00	10,500.00	9,451.28	0.00	1,048.72	0.00
Zoning board:						
Salaries and wages	4,250.00	4,251.00	4,223.23	0.00	27.77	0.00
Other expenses	200.00	200.00	200.00	0.00	0.00	0.00
Insurance:						
Liability insurance	40,000.00	40,000.00	40,000.00	0.00	0.00	0.00
Workers compensation	59,500.00	59,500.00	11,074.00	0.00	48,426.00	0.00
Employee group insurance	103,000.00	103,000.00	78,348.13	175.26	24,476.61	0.00
Public safety:						
Police:						
Salaries and wages	325,000.00	318,899.00	289,746.81	0.00	29,152.19	0.00
Other expenses	15,000.00	15,000.00	14,044.07	0.00	955.93	0.00
Office of emergency management:						
Salaries and wages	350.00	350.00	322.42	0.00	27.58	0.00
Other expenses	300.00	300.00	0.00	0.00	300.00	0.00
Aid to volunteer fire company:						
Other expenses	25,000.00	25,000.00	25,000.00	0.00	0.00	0.00
Municipal prosecutor:						
Salaries and wages	3,100.00	3,100.00	3,082.43	0.00	17.57	0.00

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAP"						
Public works:						
Road repair and maintenance:						
Salaries and wages	$ 113,000.00	$ 113,000.00	$ 107,926.10	$ 0.00	$ 5,073.90	$ 0.00
Other expenses	30,100.00	30,100.00	29,908.66	0.00	191.34	0.00
Other public works functions:						
Recycling- other expenses	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00
Solid waste collection:						
Contractual services	130,000.00	130,000.00	117,809.01	0.00	12,190.99	0.00
Building and grounds:						
Other expenses	21,200.00	23,700.00	23,470.15	0.00	229.85	0.00
Vehicle maintenance:						
Other expenses	13,000.00	13,000.00	12,778.79	0.00	221.21	0.00
Health and human services:						
Environmental health services:						
Other expenses	450.00	450.00	450.00	0.00	0.00	0.00
Parks and recreation:						
Recreation services and program:						
Other expenses	20,000.00	20,000.00	5,167.60	0.00	14,832.40	0.00
Maintenance of parks:						
Other expenses	5,000.00	5,000.00	4,469.39	354.23	176.38	0.00
Municipal court:						
Municipal court:						
Salaries and wages	24,000.00	24,000.00	23,730.84	0.00	269.16	0.00
Other expenses	9,175.00	9,175.00	7,494.69	0.00	1,680.31	0.00

See accompanying notes to the financial statements.

Information Only

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAP"						
Utility expenses and bulk purchases:						
Electricity	$ 20,000.00	$ 20,000.00	$ 16,308.41	$ 0.00	$ 3,691.59	$ 0.00
Street lighting	13,000.00	14,000.00	11,476.56	0.00	2,523.44	0.00
Telephone	14,500.00	14,500.00	11,629.35	0.00	2,870.65	0.00
Fuel oil	7,500.00	7,500.00	4,574.72	0.00	2,925.28	0.00
Gasoline	36,000.00	36,000.00	28,738.89	0.00	7,261.11	0.00
Sanitation:						
Landfill/solid waste disposal cost:						
Other expenses	100,000.00	100,000.00	83,850.96	0.00	16,149.04	0.00
State uniform construction code:						
Uniform construction code enforcement:						
Other expenses	3,750.00	3,750.00	3,074.19	0.00	675.81	0.00
Total operations	1,466,925.00	1,465,825.00	1,244,754.23	529.49	220,541.28	0.00
Detail:						
Salaries and wages	*614,150.00*	*609,350.00*	*574,248.91*	*0.00*	*35,101.09*	*0.00*
Other expenses	*852,775.00*	*856,475.00*	*670,505.32*	*529.49*	*185,440.19*	*0.00*
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"						
Statutory expenditures:						
Contribution to:						
Social security system (O.A.S.I.)	55,000.00	56,100.00	56,057.38	0.00	42.62	0.00
Public employees retirement system	25,451.00	25,451.00	25,451.00	0.00	0.00	0.00

See accompanying notes to the financial statements.

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
Police and firemen's retirement system	$ 68242.00	$ 68242.00	$ 68,242.00	$ 0.00	$ 0.00	$ 0.00
Total deferred charges and statutory expenditures with "CAP"	148,693.00	149,793.00	149,750.38	0.00	42.62	0.00
Total general appropriations for municipal purposes with "CAP"	1,615,618.00	1,615,618.00	1,394,504.61	529.49	220,583.90	0.00
OPERATIONS EXCLUDED FROM "CAP"						
Landfill fees- recycling tax	5,000.00	5,000.00	5,000.00	0.00	0.00	0.00
Public and private programs offset by revenues:						
Municipal alliance program:						
State share	7,784.00	7,784.00	7,784.00	0.00	0.00	0.00
Local share	1,946.00	1,946.00	1,946.00	0.00	0.00	0.00
Clean communities grant	7,749.37	7,749.37	7,749.37	0.00	0.00	0.00
Reserve for body armor fund	937.83	937.83	937.83	0.00	0.00	0.00
Safe and secure communities grant	17,224.00	17,224.00	17,224.00	0.00	0.00	0.00
Association of New Jersey environmental commissions	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00
Reserve for recycling tonnage grant	3,739.20	3,739.20	3,739.20	0.00	0.00	0.00
State road aid- Cedar Grove Road- Phase 3	300,000.00	300,000.00	300,000.00	0.00	0.00	0.00
Total operations excluded from "CAP"	345,880.40	345,880.40	345,880.40	0.00	0.00	0.00
Detail:						
Salaries and wages	*17,224.00*	*17,224.00*	*17,224.00*	*0.00*	*0.00*	*0.00*
Other expenses	*328,656.40*	*328,656.40*	*328,656.40*	*0.00*	*0.00*	*0.00*

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP"						
Capital improvement fund	$ 26,250.00	$ 26,250.00	$ 26,250.00	$ 0.00	$ 0.00	$ 0.00
Total capital improvements excluded from "CAP"	26,250.00	26,250.00	26,250.00	0.00	0.00	0.00
DEBT SERVICE - EXCLUDED FROM "CAP"						
Interest on notes	1,000.00	1,000.00	885.20	0.00	0.00	114.80
Total debt service excluded from "CAP"	1,000.00	1,000.00	885.20	0.00	0.00	114.80
DEFERRED CHARGES - EXCLUDED FROM "CAP"						
Special emergency authorizations - 3 years (N.J.S. 40A:4-55.1, et seq.)	44,333.33	44,333.33	44,333.33	0.00	0.00	0.00
Special emergency authorizations - 5 years (N.J.S. 40A:4-55)	7,000.00	7,000.00	7,000.00	0.00	0.00	0.00
Total deferred charges excluded from "CAP"	51,333.33	51,333.33	51,333.33	0.00	0.00	0.00

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	Cancelled
Total general appropriations for municipal purposes - excluded from "CAP"	$ 424,463.73	$ 424,463.73	$ 424,348.93	$ 0.00	$ 0.00	$ 114.80
Subtotal general appropriations	2,040,081.73	2,040,081.73	1,818,853.54	529.49	220,583.90	114.80
Reserve for uncollected taxes	239,110.16	239,110.16	239,110.16	0.00	0.00	0.00
Total general appropriations	$ 2,279,191.89	$ 2,279,191.89	$ 2,057,963.70	$ 529.49	$ 220,583.90	$ 114.80
Ref.			A-3		A	

	Ref.	
Adopted budget	A-2	$ 1,969,942.52
Added by N.J.S. 40A:4-87	A-2	309,249.37
		$ 2,279,191.89

See accompanying notes to the financial statements.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2013

	Ref.	
Paid or charged:		
Federal and state grants	A-14	$ 340,888.40
Deferred charges:		
Special emergency authorizations -		
5 years (N.J.S. 40A:4-55)	A	7,000.00
3 years (N.J.S. 40A:4-55.1 et seq.)	A	44,333.33
Reserve for uncollected taxes	A-2	239,110.16
Cash disbursed	A-4	1,426,639.81
		$ 2,057,963.70
	Ref.	A-3

Information Only

See accompanying notes to the financial statements.

TRUST FUND

Information Only

EXHIBIT B

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2013 and 2012

ASSETS	Ref.	Balance December 31, 2013	Restated Balance December 31, 2012
Dog license fund:			
Cash	B-1	$ 9,449.71	$ 9,334.51
Due from current fund		0.00	49.59
		9,449.71	9,384.10
Other trust funds:			
Cash - chief financial officer	B-1	927,776.43	1,008,180.87
Cash - tax collector	B-2	53,359.26	53,495.37
Amount due from developers		20,302.91	20,302.91
		1,001,438.60	1,081,979.15
Total all funds		$ 1,010,888.31	$ 1,091,363.25

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance December 31, 2013	Restated Balance December 31, 2012
Dog license fund:			
Amount due to current fund	A	$ 975.91	$ 0.00
Due to State of NJ board of health		0.00	6.90
Reserve for dog fund expenditures	B-3	8,473.80	9,377.20
		9,449.71	9,384.10
Other trust funds:			
Due to State:			
DCA fees- construction		963.00	509.00
Amount due to current fund		47.96	1,666.50
Reserve for encumbrances		12,180.38	12,180.38
Reserve for:			
Escrow deposits		132,618.20	133,755.81
Tax title lien redemptions and tax sale premiums	B-4	53,402.45	53,538.56
Escrow interest earnings		78,914.07	78,914.07
POAA		2.00	2.00
Maintenance and performance bonds		503,940.61	490,621.78
Public defender fees		154.62	604.62
Unemployment compensation		16,457.57	14,996.42
Snow removal		7,616.09	7,616.09
Parks and recreation		9,208.41	6,521.50
Scholarship fund		27,973.17	30,458.39
UCC construction		115,425.48	65,323.59
Municipal open space	B-5	0.00	169,424.33
Off-duty police		42,534.59	15,846.11
		1,001,438.60	1,081,979.15
Total all funds		$ 1,010,888.31	$ 1,091,363.25

See accompanying notes to the financial statements.

Informational Only

GENERAL CAPITAL FUND

Information Only

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	Balance December 31, 2013	Balance December 31, 2012
ASSETS			
Cash - chief financial officer	C-1	$ 544,807.19	$ 422,980.25
Amount due from current fund	A	100.24	0.00
Amount due from state and federal grant fund	A	11,550.00	11,550.00
		$ 556,457.43	$ 434,530.25
LIABILITIES, RESERVES, AND FUND BALANCE			
Capital improvement fund	C-3	$ 24,233.93	$ 64,083.93
Amount due to current fund	A	0.00	20.15
Improvement authorizations:			
Funded	C-5	223,221.72	47,190.78
Capital reserves	C-4	309,001.78	323,235.39
		$ 556,457.43	$ 434,530.25

See accompanying notes to the financial statements.

Information only

PAYROLL ACCOUNT

Information Only

TOWNSHIP OF SOUTH HARRISON
PAYROLL ACCOUNT
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	Balance December 31, 2013	Balance December 31, 2012
ASSETS			
Cash - chief financial officer	F-1	$ 27,977.84	$ 28,801.40
LIABILITIES AND RESERVES			
Payroll taxes payable	F-2	$ 379.34	$ 274.87
Amount due current fund		27,598.50	28,526.53
		$ 27,977.84	$ 28,801.40

Information Only

See accompanying notes to the financial statements.

GENERAL FIXED ASSETS

Information Only

EXHIBIT G

TOWNSHIP OF SOUTH HARRISON
GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
At December 31, 2013 and 2012

	Balance December 31, 2013	Balance December 31, 2012
General fixed assets:		
Land and buildings	$ 1,693,952.00	$ 1,693,952.00
Equipment	386,003.04	324,351.71
Total general fixed assets	2,079,955.04	2,018,303.71
Investments in general fixed assets	$ 2,079,955.04	$ 2,018,303.71

Information Only

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Information Only

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of South Harrison was formed as a Township by an act of the New Jersey legislature on March 2, 1883, from portions of Harrison Township and is located in the County of Gloucester in the State of New Jersey. The Township covers approximately 15.8 square miles with a population, according to the 2010 census, of 3,162. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms. The Mayor and Deputy Mayor are elected by the members of the Committee, from with, and serve for a one-year term in this office.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township of South Harrison include each board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5.

Except as noted below, the financial statements of the Township of South Harrison include every board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township of South Harrison, as required by N.J.S. 40A:5-5.

B. Description of Funds

The accounting policies of the Township of South Harrison on 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 South Harrison accounts for its financial transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

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

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

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Payroll Account - receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

General Fixed Assets Account Group - to account for fixed assets used in governmental operations.

Information Only

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant policies in New Jersey follow.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and 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 to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in accordance with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Property Taxes - Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

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.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

Information Only

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. New Jersey municipalities are permitted to accrue a compensated absences liability. The Township has not begun to accumulate funds for accrued absences. See Note 16 for additional information on the Township's compensated absences policy.

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

General Fixed Assets - The Township has developed a fixed asset accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are to be 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 costs is not available, except for land which is valued at assessed value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost.

No depreciation has been 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.

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

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.

Budgets - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Committee subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted, the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A. 40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

Information Only

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

School Taxes - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of South Harrison School District and the Township's share of the Kingsway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and the regional high school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting the Township's share of county taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fund Balance - Fund balances included in the current fund represent amounts available for anticipation as revenue in futures years budgets, with certain restrictions.

Capitalization of Interest - It is the policy of the Township of South Harrison to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

Use of Estimates - The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Information Only

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

C. Basis of Accounting (Concluded)

Departures from Generally Accepted Accounting Principles - The accounting principles and practices followed by the Township of South Harrison differ in some respects, which in some instances may be material, from 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 and recognized as a revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.

No provision is made for accumulated vested vacation and sick leave.

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.

Depreciation expense is not calculated on fixed assets.

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

NOTE 2 - INVESTMENTS

As of December 31, 2013 and 2012, the Township did not have any investments.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statute 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are bonds of the United States of America, the local unit, or school districts of which the local unit is a part: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

Information Only

NOTE 3 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, escrow trust, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of December 31, 2013, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	$ 960,104.48
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	2,742,599.65
	$ 3,702,704.13

New Jersey Cash Management Fund

During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2013, the Township's deposits with the New Jersey Cash Management Fund were $82,015.15.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2013:

	Due To			
Due From	Current Fund	State and Federal Grant Fund	General Capital Fund	Total Due From
Current fund	$ -	$ 18,123.62	$ 100.24	$ 18,223.86
State and federal grant fund	-	-	11,550.00	11,550.00
Dog license trust fund	975.91	-	-	975.91
Other trust funds	47.96	-	-	47.96
Payroll fund	27,598.50	-	-	27,598.50
Total due to	$ 28,622.37	$ 18,123.62	$ 11,650.24	$ 58,396.23

Most grants are on a reimbursement basis. The interfund with the grant fund is the result of receiving funds in advance of expenditures. The interfunds from the trust fund to the current fund are due to interest earned in December 2013 that were not turned over to the current fund prior to year end. The amount due to the general capital fund from the current fund is due to expenditures made from the current fund on behalf of the general capital fund and not reimbursed prior to December 2013. The interfund from the payroll account is the result of turning over the funds for the first payroll of January 2014 in December 2013.

Information Only

NOTE 5 - PROPERTY TAXES

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2013	2012	2011
Total Tax Rate	$ 2.382	$ 2.288	$ 2.232
Apportionate of Tax Rate:			
Municipal	$ .171	$ .167	$ .165
County	.584	.543	.552
Local School	.889	.874	.861
Regional High School	.738	.694	.644
Municipal Open Space	.000	.010	.010

Assessed Valuation:

2013	$ 405,587,016.00		
2012		$ 405,871,359.00	
2011			$ 402,725,957.00

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 collections could be an indication of a probable increase in future tax levies.

		Currently	
Year	Tax Levy	Cash Collections	Percentage Of Collection
2013	$ 9,714,844.08	$ 9,394,628.37	96.70%
2012	$ 9,341,423.41	$ 9,159,735.41	98.05%
2011	$ 9,043,710.53	$ 8,872,575.92	98.11%

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.

Year	Amount Of Tax Title Liens	Amount Of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2013	$ 33,712.10	$ 147,212.01	$ 180,924.11	1.86%
2012	$ 31,879.32	$ 146,852.47	$ 178,731.79	1.91%
2011	$ 34,136.77	$ 159,281.89	$ 193,418.66	2.14%

Information Only

NOTE 5 - PROPERTY TAXES (Concluded)

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 when foreclosed, was as follows:

Year	Amount
2013	$ -
2012	$ -
2011	$ -

NOTE 6 - FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent years' budgets.

	Year	December 31	Utilized In Approved Budget Of Succeeding Year
Current Fund:			
	2013	$ 857,628.63	$ 236,000.00
	2012	$ 811,117.30	$ 269,000.00
	2011	$ 777,953.52	$ 200,000.00
	2010	$ 441,708.53	$ 99,000.00
	2009	$ 810,713.19	$ 501,801.69

NOTE 7 - TAXES COLLECTED IN ADVANCE

Taxes collected in advance, set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2013	Balance December 31, 2012
Prepaid Taxes	$ 92,902.03	$ 93,286.04

Information Only

NOTE 8 - LONG-TERM DEBT

There is no long-term debt.

Permanently funded debt (general obligation bonds) as of December 31, 2013

None Issued.

Temporary unfunded debt as of December 31, 2013

None Issued.

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 $2,724,173.87.

	Gross Debt	Deduction	Net Debt
Local School District Debt	$ 11,878,000.00	$ 9,153,826.13	$ 2,724,173.87
Regional High School District Debt	6,450,312.22	6,450,312.22	-.
	$ 18,328,312.22	$ 15,604,138.35	$ 2,724,173.87

Net Debt $2,724,173.87 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, $366,153,045.33 = .744%.

Equalized Valuation Basis

2011	$ 366,636,231.00
2012	364,914,160.00
2013	366,908,745.00
Average	$ 366,153,045.33

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

3 1/2% Of Equalized Valuation Basis (Municipal)	$ 12,815,356.59
Net Debt	2,724,173.87
Remaining Borrowing Power	$ 10,091,182.72

The Township of South Harrison School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the district's limitations with voter approval. Any amounts in excess of the limit is treated as an impairment of the municipal limit.

The Kingsway Regional High School District is a 7-12 regional school district and as a result the amount of debt issued is not subject to any statutory limitation based on average equalized valuations. Debt is allocated based on the municipality's equalized valuation as a percentage of the total regional school district's equalized valuation. Since all debt authorized by the regional school district is deductible, it does not effect the net debt of the municipality.

Information Only

NOTE 9 - SPECIAL EMERGENCY NOTES

The Township has outstanding at December 31, 2013 and 2012, special emergency notes in the current fund in the amount of $44,333.34 and $88,666.67, respectively. The December 31, 2013 amount payable to Susquehanna Patriot Bank is $44,333.34, bears an interest rate of 0.95% and matures on October 9, 2014.

NOTE 10 - PENSION FUNDS

Description of Plans

Substantially all of the Township's employees are covered by the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) cost-sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division).

According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the systems terminate. The Division issues publicly available financial reports that include the financial statements and required supplementary information for the Public Employees' Retirements System and Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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

The Police and Fireman's Retirement System was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or fire fighting in the State of New Jersey. Members are eligible for retirement at age fifty-five with a benefit equal to two percent of final compensation for each year of creditable service up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years.

Information Only

NOTE 10 - PENSION FUNDS (Concluded)

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 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. The Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS) provide for employee contributions of 5.5% and 6.5% as of October 1, 2011, and 8.5% and 10% as of October 1, 2011 of employees' annual compensation respectively, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS employer rates in effect for 2011 are 11.05% and 29.36% of covered payroll, respectively, as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Township's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were $25,451.00, $36,392.00, and $45,325.00, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were $68,242.00, $51,784.00, and $61,434.00, respectively, equal to the required contributions for each year.

NOTE 11 - POST-RETIREMENT BENEFITS

As indicated in Note 10 above, employees of the Township of South Harrison are members of the Public Employees' Retirement System and the Police and Fireman's Retirement System however, as of December 31, 2013, they are not members of the State Health Benefits Plan.

NOTE 12 - SCHOOL TAXES

School taxes in the State of New Jersey may be raised by either of the following methods:

Calendar year basis - whereby the tax is levied and paid based on the District's needs for one-half of each school year encompassed in the calendar year.

School year basis - taxes are raised for the school year commencing July 1 of the current year, paid out over the twelve months beginning with July 1.

The Township of South Harrison School District raises taxes on a school year basis so there is a school tax payable at December 31, 2013 of $947,591.75 and a deferred school tax of $295,631.25.

The Kingsway Regional Board of Education raises taxes on a calendar year basis and therefore, there should be no school taxes payable or deferred at December 31, 2013. However, there is a payable in the amount of $3.36 at December 31, 2013.

Information Only

NOTE 13 - GENERAL FIXED ASSETS

General fixed assets activity for the years ended December 31, 2013 and 2012 was as follows:

	Balance December 31, 2012	Additions	Disposals/ Adjustments	Balance December 31, 2013
Land and buildings	$ 1,693,952.00	$ -	$ -	$ 1,693,952.00
Equipment	324,351.71	61,651.33	-	386,003.04
	$ 2,018,303.71	$ 61,651.33	$ -	$ 2,079,955.04

	Balance December 31, 2011	Additions	Disposals/ Adjustments	Balance December 31, 2012
Land and buildings1	$ 1,245,797.00	$ -	$ 448,155.00	$ 1,693,952.00
Equipment	453,863.00	-	(129,511.29)	324,351.71
	$ 1,699,660.00	$ -	$ 318,643.71	$ 2,018,303.71

NOTE 14 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges were shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget	Balance To Succeeding Budgets
Current fund:			
Special emergency appropriation:			
Flood damage	$ 44,333.34	$ 44,333.34	$ -

The appropriations in the 2014 budget are not less than those required by statute.

Information Only

NOTE 15 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage for property, liability, and surety bonds through the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund.

The Fund provides the Township with the following coverage:

Property Policy
Automobile Policy
Crime Policy and Excess Crime Policy
Casualty Policy
Workers' Compensation and Excess Workers Compensation Policy
Environmental Legal Liability Policy
Excess Liability Policy
Public Officials and Employment Liability Policy
Volunteer Directors and Officers Policy

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of $50,000.00 to $250,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2013, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund
Post Office Box 488
Marlton, New Jersey 08053

NOTE 16 - COMPENSATED ABSENCES

Township employees are entitled to paid vacation and sick time depending on their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward for two years. Vacation days not used within this time period are forfeited. Vacation time unused at termination is reimbursed to the employee at their current rate of pay. Unused sick leave may be accumulated and carried forward to subsequent years. One-half of accrued sick time is reimbursed to employees only if they meet the requirements of retirement according to the Public Employees' Retirement System or Police and Fireman's Retirement System. Sick time is reimbursed to the employee at the their current rate of pay up to a maximum of 62 to 65 days depending on their job classification.

At December 31, 2013 and 2012, the Township estimates this liability to approximate $0.00 and $0.00, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Township has not yet established an accrual.

Information Only

NOTE 17 - NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

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

Year	Township Contributions	Amount Reimbursed	Ending Balance
2013	$ -	$ -	$ 16,457.77
2012	-	867.35	14,996.42
2011	11,181.74	13,015.82	14,518.07

NOTE 18 - LITIGATION

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

NOTE 19 - HOST COMMUNITY BENEFITS AGREEMENT

The Gloucester County Improvement Authority (Authority) is the owner and operator of a sanitary landfill facility located in the Township. The Township is entitled to a host community benefits pursuant to N.J.S.A. 13:1E-28.

The Township entered into an agreement on "host community benefits" with the Authority on February 21, 1989.

This agreement was amended on September 8, 2004 whereby the Township and the Authority mutually agreed to supplement the host community benefits to reflect the increased size of the landfill. This amendment to the agreement increased the host community benefits fee to $600,000.00, which in accordance with the terms in the agreement started in 2007 and included a prorated increase from 2006.

The amended agreement requires that the Township's share of the benefit fee be reduced by payments to be made directly by the Authority to the Township's volunteer fire company in the amount of $25,000.00; $575,000.00 is to be paid to the Township.

The agreement further indicates an increase to the host community benefits shall be made every five years using the cumulative percent changes in the consumer price index for all urban consumers, as published by the United States Department of Labor Bureau of Labor Statistics for the Philadelphia and Southern New Jersey region, for the four years preceding the date that the adjustment is to be made. In 2013, the host community benefits was recalculated, and increased to $640,000.00.

NOTE 20 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 20, 2014, which is the date that the financial statements were available to be issued.

Information Only

CURRENT FUND

****SCHEDULES****

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2013

	Ref.	Regular Fund	
Balance - December 31, 2012	A		$ 2,012,802.06
Increased by:			
Property taxes receivable	A-5	$ 9,472,530.38	
Tax title liens receivable	A-6	125.66	
Taxes paid in advance	A	92,902.03	
Interest and costs on taxes	A-2	34,237.47	
Revenue accounts receivable	A-7	894,455.76	
Miscellaneous revenue not anticipated	A-2	7,905.14	
Due from dog trust fund		30.00	
State of New Jersey - statutory deduction		18,988.10	
Due to State of New Jersey- marriage licenses		425.00	
Due from payroll account	A	28,526.53	
Due from general capital fund		20.15	
Refunds- current appropriations	Contra	108,205.47	
Due from other trust funds		4,034.40	
Contra- UCC wages	Contra	50,352.11	
Reserve for unappropriated state grant	A-13	4,419.34	
State grants receivable	A-12	194,668.54	
			10,911,846.38
			12,924,648.44
Decreased by:			
2013 budget appropriations	A-3	1,426,639.81	
2012 appropriation reserves	A-8	38,040.62	
County taxes	A-11	2,380,981.19	
Local district school taxes	A-9	3,582,322.00	
Regional high school taxes	A-10	2,993,243.64	
Due to State of New Jersey- marriage licenses		475.00	
Property tax refunds		43,506.72	
Special emergency note payable	A	44,333.33	
Contra- UCC wages	Contra	50,352.11	
Due to other trust fund		2,068.19	
Refunds- current appropriations	Contra	108,205.47	
Due from payroll account		27,655.40	
Reserve for state grants	A-14	43,458.67	
			10,741,282.15
Balance - December 31, 2013	A		$ 2,183,366.29

See accompanying auditor's report.

Information Only

EXHIBIT A-5

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
For the Year Ended December 31, 2013

Year	Balance December 31, 2012	Levy	Added Taxes	Collections 2012	Collections 2013	Overpayments Applied	Due From State Of New Jersey	Adjustments and Canceled	Transferred To Tax Title Liens	Balance December 31, 2013
2011	$ 0.00	$ 0.00	$ 6,499.58	$ 0.00	$ 6,499.58	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
2012	146,852.47	0.00	12,532.56	0.00	159,385.03	0.00	0.00	0.00	0.00	0.00
	146,852.47	0.00	19,032.14	0.00	165,884.61	0.00	0.00	0.00	0.00	0.00
2013	0.00	9,714,844.08	[illegible]	93,286.04	9,306,645.77	(29,053.44)	23,750.00	171,045.26	1,958.44	147,212.01
	$ 146,852.47	$ 9,714,844.08	$ 19,032.14	$ 93,286.04	$ 9,472,530.38	$ (29,053.44)	$ 23,750.00	$ 171,045.26	$ 1,958.44	$ 147,212.01
Ref.	A	A-5	A-5	A	A-4				A-6	A

Added/rollback taxes	$ 14,782.14
Statutory deductions disallowed	4,250.00
	$ 19,032.14

Analysis of 2013 property tax levy:	Ref.			
Tax yield:				
General property tax			$ 9,661,082.93	
Added and rollback taxes (54:4-63.1 et seq.)			53,761.15	
				$ 9,714,844.08
Tax levy:				
Local district school tax	A-9		$ 3,606,699.00	
Regional high school district tax	A-10		2,[illegible]244.00	
County tax	A-11	$ 2,056,919.91		
County library taxes	A-11	158,056.77		
County open space preservation	A-11	149,435.04		
Due county for added taxes	A-11	16,753.83		
Total county taxes			2,381,165.55	
Total taxes other then municipal	A-2		8,981,108.55	
Local tax for municipal purposes levied	A-2	694,299.49		
Add: additional tax levied		39,436.04		
Local tax for municipal purposes levied			733,735.53	
				$ 9,714,844.08

See accompanying auditor's report.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
For the Year Ended December 31, 2013

	Ref.	
Balance - December 31, 2012	A	$ 31,879.32
Increased by:		
Transfers from taxes receivable	A-5	1,958.44
		33,837.76
Decreased by:		
Collections	A-2,A-4	125.66
Balance - December 31, 2013	A	$ 33,712.10

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
For the Year Ended December 31, 2013

	Balance December 31, 2012	Accrued In 2013	Collected	Balance December 31, 2013
Clerk:				
Other fees and permits	$ 0.00	$ 17,900.00	$ 17,900.00	$ 0.00
Registrar of vital statistics:				
Miscellaneous	0.00	51.00	51.00	0.00
Police:				
Other fees and permits	0.00	798.35	798.35	0.00
Municipal court:				
Fines and costs	2,233.10	68,516.25	68,017.14	2,732.21
Energy receipts tax	0.00	118,392.05	118,392.05	0.00
Cable TV franchise fee	7,296.22	7,750.02	7,296.22	7,750.02
Consolidated municipal property tax relief act	0.00	11,566.00	11,566.00	0.00
Host municipal benefits	0.00	670,435.00	670,435.00	0.00
Total	$ 9,529.32	$ 895,408.67	$ 894,455.76	$ 10,482.23
Ref.	A		A-4	A

See accompanying auditor's report.

Information Only

EXHIBIT A-8

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012
For the Year Ended December 31, 2013

	Balance December 31, 2012	Balance After Transfers	Paid or Charged	Lapsed
Salaries and wages:				
Executive	$ 50.59	$ 50.59	$ 0.00	$ 50.59
Municipal clerk	54.51	54.51	0.00	54.51
Financial administration	852.55	852.55	0.00	852.55
Revenue administration	29.58	29.58	0.00	29.58
Planning board	329.19	329.19	0.00	329.19
Zoning board	58.93	58.93	0.00	58.93
Police	105.43	105.43	0.00	105.43
Office of emergency management	27.58	27.58	0.00	27.58
Prosecutor	555.78	555.78	0.00	555.78
Road repair and maintenance	624.97	624.97	0.00	624.97
Municipal court	246.83	246.83	0.00	246.83
Other expenses:				
General administration	3,335.34	3,335.34	0.00	3,335.34
Human resources (personnel)	932.75	932.75	0.00	932.75
Executive	94.93	94.93	0.00	94.93
Municipal clerk	4,653.07	4,653.07	915.72	3,737.35
Financial administration	1,933.31	1,933.31	290.55	1,642.76
Audit fees	51.50	51.50	0.00	51.50
Revenue administration (tax collector)	311.51	311.51	34.40	277.11
Legal services and costs	10,206.05	10,206.05	3,916.66	6,289.39
Engineering services and costs	7,836.80	7,836.80	0.00	7,836.80
Planning board	9,894.07	9,894.07	855.40	9,038.67

See accompanying auditor's report.

Information Only

Information only

EXHIBIT A-8
(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012
For the Year Ended December 31, 2013

	Balance December 31, 2012	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Insurance:				
General liability	$ 1,808.00	$ 1,808.00	$ 0.00	$ 1,808.00
Workers compensation	4,000.00	4,000.00	0.00	4,000.00
Employee group health	1,693.02	1,693.02	93.96	1,599.06
Police	3[illegible]3.00	2,343.00	2,030.73	312.27
Office of emergency management	150.00	150.00	0.00	150.00
Road repairs and maintenance	7,277.22	7,277.22	2,278.56	4,998.66
Other public works functions	2,000.00	2,000.00	0.00	2,000.00
Solid waste collection	12,190.99	12,190.99	10,709.91	1,481.08
Building and grounds	564.32	564.32	227.90	336.42
Vehicle maintenance	920.63	3,420.63	2,862.24	558.39
Public health services	20.00	20.00	0.00	20.00
Recreation services and program	13,414.83	8,914.83	107.95	8,806.88
Maintenance of parks	59.90	59.90	0.00	59.90
Electricity	2,101.72	2,101.72	1,634.79	466.93
Street lighting	1,462.55	1,462.55	1,149.99	312.56
Telephone	2,750.31	2,750.31	1,011.53	1,738.78
Fuel oil	4,156.00	4,156.00	526.49	3,629.51
Gasoline	8,431.27	8,431.27	977.21	7,454.06
Landfill/solid waste disposal cost	14,275.99	14,275.99	8,207.98	6,068.01

See accompanying auditor's report.

EXHIBIT A-8
(Concluded)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012
For the Year Ended December 31, 2013

	Balance December 31, 2012	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (concluded):				
Municipal court	$ 2232.46	$ 2,232.46	$ 0.00	$ 2,232.46
Uniform construction code enforcement	1020.53	1,020.53	208.65	811.88
Social security system	8339.28	8,339.28	0.00	8,339.28
Total	$ 131,397.29	$ 131,397.29	$ 38,040.62	$ 93,356.67
Ref.	A		A-4	A-1

See accompanying auditor's report.

Information Only

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012:			
School tax payable	A	$ 923,214.75	
School tax deferred	Footnote	295,631.25	
			$ 1,218,846.00
Increased by:			
Levy - school year July 1, 2013 to June 30, 2014	A-1,A-5		3,606,699.00
			4,825,545.00
Decreased by:			
Payments	A-4		3,582,322.00
Balance - December 31, 2013:			
School tax payable	A	947,591.75	
School tax deferred	Footnote	295,631.25	
			$ 1,243,223.00

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX
For the Year Ended December 31, 2013

	Ref.	
Balance - December 31, 2012	A	$ 3.00
Increased by:		
Levy for calendar year 2013	A-1,A-5	2,993,244.00
		2,993,247.00
Decreased by:		
Payments	A-4	2,993,243.64
Balance - December 31, 2013	A	$ 3.36

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
SCHEDULE OF COUNTY TAXES
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012:			
Due county for added and omitted taxes	A		$ 16,569.47
Increased by:			
Levy for calendar year 2013:			
General county taxes	A-5	$ 2,056,919.91	
County library taxes	A-5	158,056.77	
County open space taxes	A-5	149,435.04	
Total original county tax levy	A-1	2,364,411.72	
Due county for added and omitted	A-1,A-5	16,753.83	
			2,381,165.55
			2,397,735.02
Decreased by:			
Payments	A-4		2,380,981.19
Balance - December 31, 2013:			
Due county for added and omitted taxes	A		$ 16,753.83

See accompanying auditor's report.

Information only

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL, STATE AND LOCAL GRANTS RECEIVABLE
For the Year Ended December 31, 2013

Purpose	Balance December 31, 2012	2013 Revenue	Cash Received	Transferred From Unappropriated Reserve	Cancelled	Balance December 31, 2013
Federal grants:						
NJ transportation trust fund authority act	$ 21,365.87	$ 0.00	$ 0.00	$ 0.00	$ 21,365.87	$ 0.00
NJ transportation trust 2008 municipal aid grant for Lincoln Road- phase 6	51,280.93	0.00	0.00	0.00	51,280.93	0.00
NJ transportation trust 2009 municipal aid grant for Lake St. and Jackson Rd.	12,736.28	0.00	0.00	0.00	12,736.28	0.00
NJ transportation trust 2010 municipal aid grant for Cedar Grove Road	15,475.98	0.00	0.00	0.00	15,475.98	0.00
NJ transportation trust 2011 municipal aid grant for Cedar Grove Road	117,673.50	0.00	116,637.04	0.00	1,036.46	0.00
NJ transportation trust 2012 municipal aid grant for Cedar Grove Road	0.00	300,000.00	0.00	0.00	0.00	300,000.00
Total federal grants	218,532.56	300,000.00	116,637.04	0.00	101,895.52	300,000.00
State grants:						
Municipal alliance grant	4,806.10	7,784.00	7,932.88	0.00	0.00	4,657.22
Recycling tonnage program	0.00	3,739.20	0.00	3,739.20	0.00	0.00
Safe and secure communities grant	39,530.00	17,224.00	17,224.00	0.00	0.00	39,530.00
Clean communities act	0.00	7,749.37	7,749.37	0.00	0.00	0.00
Association of NJ environmental commissions	0.00	1,500.00	1,000.00	0.00	0.00	500.00
Body armor fund	0.00	937.83	0.00	937.83	0.00	0.00
N.J.D.E.P. - municipal storm water regulation program	3,750.00	0.00	0.00	0.00	0.00	3,750.00
Smart future grant	50,000.00	0.00	44,125.25	0.00	5,874.75	0.00
Total state grants	98,086.10	38,934.40	78,031.50	4,677.03	5,874.75	48,437.22
Total all grants	$ 316,618.66	$ 338,934.40	$ 194,668.54	$ 4,677.03	$ 107,770.27	$ 348,437.22
	A	A-2	A-4	A-13		A

	Ref.	
Budget operations	A-1	$ 12,035.76
Reserve for state and federal grant appropriations	A-14	95,734.51
		$ 107,770.27

See accompanying auditor's report.

Information Only

EXHIBIT A-13

TOWNSHIP OF SOUTH HARRISON
STATE AND FEDERAL GRANT
SCHEDULE OF RESERVE FOR STATE GRANTS UNAPPROPRIATED
For the Year Ended December 31, 2013

Purpose	Balance December 31, 2012	Received In 2013	Budgeted In 2013	Balance December 31, 2013
Division of criminal justice - body armor	$ 937.83	$ 1,070.83	$ 937.83	$ 1,070.83
Alcohol education and rehabilitation fund	0.00	527.75	0.00	527.75
Recycling tonnage grants	3,739.20	2,820.76	3,739.20	2,820.76
	$ 4,677.03	$ 4,419.34	$ 4,677.03	$ 4,419.34
	A	A-4	A-12	A

See accompanying auditor's report.

Information Only

EXHIBIT A-14

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL, STATE AND LOCAL GRANTS APPROPRIATED
For the Year Ended December 31, 2013

Program	Balance December 31, 2012	2013 Appropriations	Expended	Cancelled	Balance December 31, 2013
Federal grants:					
NJ transportation trust fund authority act	$ 34,205.14	$ 0.00	$ 0.00	$ 34,205.14	$ 0.00
NJ transportation trust 2008 municipal aid grant for Lincoln Road- phase 6	23,598.62	0.00	0.00	23,598.62	0.00
NJ transportation trust 2009 municipal aid grant for Lake St. and Jackson Rd.	10,414.10	0.00	0.00	10,414.10	0.00
NJ transportation trust 2010 municipal aid grant for Cedar Grove Road	17,062.44	0.00	(3,543.00)	20,605.44	0.00
NJ transportation trust 2011 municipal aid grant for Cedar Grove Road	1,586.46	0.00	550.00	1,036.46	0.00
NJ transportation trust 2012 municipal aid grant for Cedar Grove Road	0.00	300,000.00	0.00	0.00	300,000.00
Total federal grants	86,866.76	300,000.00	(2,993.00)	89,859.76	300,000.00
State grants:					
Alcohol education and rehabilitation fund	4,998.37	0.00	0.00	0.00	4,998.37
Municipal alliance grant	11,835.36	9,730.00	4,604.16	0.00	16,561.20
Clean communities grant	2,772.27	7,749.37	4,609.07	0.00	5,912.57
Safe and secure communities grant	0.00	17,224.00	17,224.00	0.00	0.00
Division of criminal justice - body armor fund	1,278.48	937.83	0.00	0.00	2,216.31
Recycling tonnage grant	8,276.29	3,739.20	2,610.40	0.00	9,405.09
Association of NJ environmental commissions	0.00	1,500.00	87.79	0.00	1,412.21
NJDEP - municipal storm water regulation program	334.75	0.00	0.00	0.00	334.75
Smart future grant	19,648.00	0.00	13,773.25	5,874.75	0.00
Total state grants	48,743.52	40,880.40	42,908.67	5,874.75	40,840.50
Other grants:					
Comcast technology grant	4,751.00	0.00	0.00	0.00	4,751.00
Delaware Valley regional planning commission	5,000.00	0.00	0.00	0.00	5,000.00
Total other grants	9,751.00	0.00	0.00	0.00	9,751.00
Total all grants	$ 145,361.28	$ 340,880.40	$ 39,915.67	$ 95,734.51	$ 350,591.50
Ref.	A	A-3	A-4		A

	Ref.	
Disbursed	A-4	$ 43,458.67
Cancelled encumbrances from prior years	A	(3,543.00)
		$ 39,915.67

See accompanying auditor's report.

Information Only

TRUST FUND

****SCHEDULES****

Information Only

EXHIBIT B-1

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2013

	Ref.	Dog License Fund		Other Trust Funds	
Balance - December 31, 2012	B		$ 9,334.51		$ 1,008,180.87
Receipts:					
Interest earned		$ 5.29		$ 1,072.92	
Unemployment compensation - contributions		0.00		1,461.15	
Escrow deposits		0.00		27,550.81	
Maintenance and performance bonds		0.00		13,318.83	
Public defender fees		0.00		200.00	
Parks and recreations fees		0.00		24,305.08	
Police overtime charges		0.00		120,355.50	
Construction fees and permits		0.00		101,852.00	
Due from current fund	B-3	50.00		0.00	
Dog fees collected	B-3	3,909.60		0.00	
Due State of New Jersey:					
Dog license fees		1,136.40		0.00	
Construction surcharge fees		0.00		5,704.00	
Total receipts			5,101.29		295,820.29
			14,435.80		1,304,001.16

See accompanying auditor's report.

Information Only

EXHIBIT B-1
(Concluded)

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2013

	Ref.	Dog License Fund		Other Trust Funds	
Disbursements:					
Due to State of New Jersey:					
Dog license fees		$ 1,141.80		$ 0.00	
Construction surcharge fees		0.00		5,250.00	
Scholarship fund award		0.00		2,500.00	
Escrow disbursements		0.00		28,688.42	
Parks and recreation programs		0.00		21,618.17	
Costs of construction department		0.00		51,750.11	
Police overtime costs		0.00		93,667.02	
Reserve for public defender		0.00		650.00	
Reserve for municipal open space	B-5	0.00		169,226.82	
Due to current fund		5.29		2,874.19	
Dog fund expenditures	B-3	3,839.00		0.00	
Total disbursements			$ 4,986.09		$ 376,224.73
Balance - December 31, 2013	B		$ 9,449.71		$ 927,776.43

See accompanying auditor's report.

Information Only

EXHIBIT B-2

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF CASH - TAX COLLECTOR
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	B		$ 53,405.37
Receipts:			
Deposits for redemption of tax sale certificates	B-4	$ 80,951.80	
Interest earned on investments		27.56	
			80,979.36
			134,474.73
Disbursements:			
Deposits for redemption of tax sale certificates	B-4	81,087.91	
Due current fund - interest earnings		27.56	
			81,115.47
Balance - December 31, 2013	B		$ 53,359.26

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	B		$ 9,377.20
Increased by:			
Dog license fees collected	B-1	$ 3,909.60	
Adjustment to state fee payable		1.50	
Kennel license fees collected- due from current fund	B-1	50.00	
			3,961.10
			13,338.30
Decreased by:			
Statutory excess due to current fund	A-2	1,025.50	
Expenditures under R.S. 4:19-15.11	B-1	3,839.00	
			4,864.50
Balance - December 31, 2013	B		$ 8,473.80

License Fees Collected

Year	Amount
2012	$ 4,241.40
2011	4,232.40
	$ 8,473.80

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	B	$	53,538.56
Increased by:			
Cash receipts	B-2		80,951.80
			134,490.36
Decreased by:			
Cash disbursements	B-3		81,087.91
Balance - December 31, 2013	B	$	53,402.45

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	B		$ 169,424.33
Increased by:			
Interest earned	B-1		106.60
			169,530.93
Decreased by:			
Disbursed to general capital fund to close	B-1	$ 169,226.82	
Due to current fund		304.11	
			169,530.93
Balance - December 31, 2013	B		$ 0.00

Information Only

See accompanying auditor's report.

GENERAL CAPITAL FUND

****SCHEDULES****

Information Only

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	C		$ 422,980.25
Increased by receipts:			
Interest on investments in money market account - due current fund		$ 227.24	
Capital improvement fund	C-3	26,250.00	
Capital reserves	C-4	169,499.28	195,976.52
			618,956.77
Decreased by disbursements:			
Improvement authorizations	C-5	65,069.06	
Farmland preservation	C-4	9,037.00	
Amount due to current fund		43.52	74,149.58
Balance - December 31, 2013	C		$ 544,807.19

Information Only

See accompanying auditor's report.

EXHIBIT C-2

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
ANALYSIS OF CASH
For the Year Ended December 31, 2013

		Balance December 31, 2013
Capital improvement fund		$ 24,213.93
Capital reserves		309,001.78
Amount due to current fund		(100.24)
Amount due from state and federal grant fund		(11,550.00)
Improvement authorizations:		
Ordinance Number		
06-11	Lincoln Road improvement project - phase 5	11,982.50
07-23	Fencing for Stewart Memorial Park	725.00
07-24	Construction materials for Stewart Memorial Park	4,451.81
10-13	Repair of Lincoln Mill Road and Fox Run Court; the overlay of Vestry Road: the purchase of a commercial shredder	1,213.72
11-09	Purchase of multi function copier	250.00
11-14	Cedar Grove Road- phase II	450.00
11-15	Various repairs- Oldmans Creek Road, Windy Way and Lake Street	1,194.26
12-10	Stewart Park soccer field improvements- phase 2	342.75
13-3	Purchase used backhoe with cab	438.00
13-6	Purchase and installation of computers and software	73.68
13-9	Athletic field improvements within Stewart Park	175,000.00
13-13	Cedar Grove Road- phase III	27,100.00
		$ 544,807.19
	Ref.	C-1

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	C	$	64,083.93
Increased by:			
2013 budget appropriation	C-1;A-3		26,250.00
			90,333.93
Decreased by:			
Appropriated to finance improvement authorizations	C-4		66,100.00
Balance - December 31, 2013	C	$	24,233.93

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL RESERVES
For the Year Ended December 31, 2013

		Balance December 31, 2012	Increases In 2013	Decreases In 2013	Balance December 31, 2013
Reserve for:					
Road improvements		$ 8,530.00	$ 0.00	$ 0.00	$ 8,530.00
Parkland trust		239,628.35	284.17	175,000.00	64,912.52
Farmland preservation		29,395.83	169,519.22	9,037.00	189,878.05
Contribution - Unity Ambulance dissolution		45,681.21	0.00	0.00	45,681.21
	Total	$ 323,235.39	$ 169,803.39	$ 184,037.00	$ 309,001.78
	Ref.	C	C-1		C

Appropriated to finance improvement authorizations	C-5		$ 175,000.00
Expended for farmland preservation	C-1		9,037.00
			$ 184,037.00
Due from current fund		$ 304.11	
Cash receipts	C-1	169,499.28	
		$ 169,803.39	

See accompanying auditor's report.

Information Only

EXHIBIT C-5

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2012 Funded	2013 Authorizations: Capital Improvement Fund	2013 Authorizations: Reserve for Parkland Trust	Paid Or Charged	Balance December 31, 2013 Funded
06-11	Lincoln Road improvement project - phase 3	10/25/06	$ 20,000.00	$ 11,982.50	$ 0.00	$ 0.00	$ 0.00	$ 11,982.50
07-23	Fencing for Stewart Memorial Park	10/10/07	8,800.00	725.00	0.00	0.00	0.00	725.00
07-24	Construction materials for Stewart Memorial Park	10/10/07	19,000.00	4,451.81	0.00	0.00	0.00	4,451.81
10-13	Repair of Lincoln Mill Road and Fox Run Court; the overlay of Vestry Road; the purchase of a commercial shredder	08/11/10	26,000.00	1,213.72	0.00	0.00	0.00	1,213.72
11-09	Purchase of multi function copier	06/08/11	5,500.00	250.00	0.00	0.00	0.00	250.00
11-14	Cedar Grove Road- phase II	11/09/11	27,000.00	450.00	0.00	0.00	0.00	450.00
11-15	Various repairs- Oldmans Creek Road, Windy Way and Lake Street	11/09/11	25,000.00	2,775.00	0.00	0.00	1,580.74	1,194.26
12-10	Stewart Park soccer field improvements - phase 2	09/12/12	17,499.00	342.75	0.00	0.00	0.00	342.75
12-12	Purchase used backhoe with cab	12/12/12	25,000.00	25,000.00	0.00	0.00	25,000.00	0.00
13-3	Purchase used backhoe with cab	03/13/13	32,000.00	0.00	32,000.00	0.00	31,562.00	438.00
13-6	Purchase and installation of computers and software	04/24/13	7,000.00	0.00	7,000.00	0.00	6,926.32	73.68
13-9	Athletic field improvements within Stewart Park	12/04/13	175,000.00	0.00	0.00	175,000.00	0.00	175,000.00
13-13	Cedar Grove Road- phase III	12/12/12	27,100.00	0.00	27,100.00	0.00	0.00	27,100.00
				$ 47,190.78	$ 66,100.00	$ 175,000.00	$ 65,069.06	$ 223,221.72
			Ref.	C	C-3	C-4	C-1	C

See accompanying auditor's report.

Information Only

PAYROLL ACCOUNT

****SCHEDULES****

Information Only

TOWNSHIP OF SOUTH HARRISON
PAYROLL ACCOUNT
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2013

	Ref.		
Balance - December 31, 2012	F		$ 28,801.40
Increased by:			
Deposits to pay gross salaries		$ 731,038.68	
Township's share of social security and medicare		56,057.18	
Pension payments		93,693.00	
Interest earnings		5.20	
Refund due to pension		2,121.13	
			882,915.39
			911,716.79
Decreased by:			
Net payroll		479,724.26	
Deductions paid to various agencies		308,420.60	
Due current fund		1,901.09	
Pension billings		93,693.00	
			883,738.95
Balance - December 31, 2013	F		$ 27,977.84

Information Only

See accompanying auditor's report.

EXHIBIT F-2

TOWNSHIP OF SOUTH HARRISON
PAYROLL ACCOUNT
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
For the Year Ended December 31, 2013

	Balance December 31, 2013
New Jersey unemployment compensation	$ 97.58
Colonial insurance	281.76
	$ 379.34
	F

Information Only

See accompanying auditor's report.

TOWNSHIP OF SOUTH HARRISON

****

LETTER OF COMMENTS AND RECOMMENDATIONS

For the Year Ended December 31, 2013

Information Only

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the costs or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials, or supplies shall be undertaken, acquired, or furnished for a sum exceeding in the aggregate $17,500.00, except by contract or agreement".

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

The minutes indicate that no bids were requested by public advertising.

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services which include but are not limited to solicitors, engineers, land surveyors, and accountants. However, in lieu of requiring formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (N.J.S. 40A:11-5 (1)(a) (i)):

> "The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service, and amount of the contract, and that the resolution and contract are on file..."

My examination indicated that the Township complied with this requirement during 2013.

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

My examination of expenditures did not reveal any individual payments, contracts, or agreements in excess of $17,500.00 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.

Information Only

GENERAL COMMENTS (Continued)

Contracts or Agreements Not Required to be Advertised in Accordance with N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds $2,625.00, at least three quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract agreement shall be made with and awarded to the lowest responsible bidder."

Our audit indicated that, for individual payments, contracts, or agreements made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of $2,625.00, there was not documentation that solicitation for quotations was done in accordance with the provisions of N.J.S. 40A:11-6.1.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

> WHEREAS, in and by N.J.S.A. 54:4-67, a governing body of any municipality may fix the rate of interest to be charged for non-payment of taxes or assessments on or before the date when they became delinquent; and
>
> WHEREAS, the South Harrison Township Committee has ordered that the Tax Collector charge eight (8%) percent per annum on the first $1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of $1,500.00; and
>
> WHEREAS, the South Harrison Township Committee has ordered the Tax Collector to charge a penalty of six (6%) percent of the delinquency in excess of $10,000.00, to a taxpayer who fails to pay the delinquency prior to the end of the calendar year; and
>
> NOW, THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first $1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of $1,500.00.
>
> BE IT FURTHER RESOLVED, by the South Harrison Township Committee that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of $10,000.00.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2013 and was complete.

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

Information Only

GENERAL COMMENTS (Concluded)

Delinquent Taxes and Tax Title Liens (Concluded)

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

Year	Number Of Liens
2013	3
2012	4
2011	5

It is essential to good management that all means provided by statute be utilized to liquidate liens by seriously undertaking foreclosure proceedings on appropriate properties in order to get such properties back on a taxpaying basis.

OTHER COMMENTS

Payroll Fund

The examination of the Payroll Fund did include a sampling of the detailed computation of various deductions from the payroll of the Township employees and did ascertain that the accumulated withholdings were disbursed to the proper agencies.

Municipal Court

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board. As part of the test of the records, no attempt was made to differentiate among fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

Construction Code Official

A test of the expenditures of the construction code fees was done as required by N.J.A.C. 5:23-4.17(b)3. All fees collected pursuant to the municipality's fee schedule were appropriated in accordance with the requirements of the Uniform Construction Code Act and the Local Budget Law, which were applied solely to meet the municipal costs of enforcing those regulations as specified by N.J.A.C. 5:23-4.17(c)2.

The uniform construction code annual report was prepared by the Chief Financial Officer and was in agreement with receipts recorded in the Construction Code Official's records.

Information Only

TOWNSHIP OF SOUTH HARRISON
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2013

This section identifies the significant deficiencies, material weaknesses, and the instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

Information Only

TOWNSHIP OF SOUTH HARRISON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year findings related to the financial statements and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2010-2

Condition

There are several accounts in developers escrow trust that have negative balances since December 31, 2010. There are also unallocated amounts and interest earnings from prior years may not have been properly allocated to develop escrow accounts.

Current Status

Condition remains unresolved.

Planned Corrective Action

The negative balance have been turned over to the solicitor for collection.

Information Only

TOWNSHIP OF SOUTH HARRISON
OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title
James McCall	Mayor
Robert Diaz	Deputy Mayor
John Horner	Committeeperson
Mary Howard	Committeeperson
Robert Schenk	Committeeperson
Christie Ehret	Chief Financial Officer
Nancy E. Kearns	Township Clerk
	Improvement Search Officer
	Registrar of Vital Statistics
Lisa Garrison (To 1/28/13)	Tax Collector
	Tax Search Officer
Michelle Barnabie (From 1/28/13 to 9/11/13)	Tax Collector
	Tax Search Officer
Victoria Holmstrom (From 9/11/13)	Tax Collector
	Tax Search Officer
Joseph Wille	Construction Code Official
Nicholas Lacovara	Magistrate
Carla Rios	Court Administrator
Karen Crackovich	Deputy Court Administrator
Brian N. Lozuke, Esquire	Solicitor
Steven Bach	Engineer

Note: All officials and employees are covered by the Joint Insurance Fund with a bond in the amount of $1,000,000.00 each.

Information Only

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

I desire to express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants

William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant

Information Only