

**TOWNSHIP OF NORTH HANOVER**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2011**



**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**PART I**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
AND  
INDEPENDENT AUDITOR'S REPORTS**

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Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
Wrightstown, New Jersey 08562

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of North Hanover, State of New Jersey as of December 31, 2011 and 2010, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related statement of revenues--regulatory basis, comparative statement of expenditures--regulatory basis and the general fixed assets account group comparative statement of assets and fund balance--regulatory basis as of December 31, 2011 and 2010. These financial statements are the responsibility of the Township of North Hanover's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 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 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.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters, as 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 North Hanover, State of New Jersey, as of December 31 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the Township of North Hanover, State of New Jersey has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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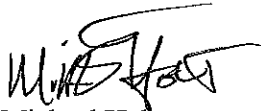
Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of North Hanover, State of New Jersey, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general fixed assets, for the year ended December 31, 2011 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2012, on our consideration of the Township of North Hanover, State of New Jersey's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

Medford, New Jersey  
February 17, 2012



Certified Public Accountants & Consultants

**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**

The Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
Wrightstown, New Jersey 08562

We have audited the financial statements of the Township of North Hanover, County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2011, and have issued our report thereon dated February 17, 2011. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 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 North Hanover'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, which are described in the accompanying Comment and Recommendation Section as Finding No: 2011-01.

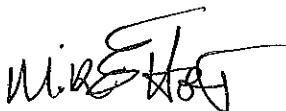
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of North Hanover's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the accompanying Comment and Recommendation Section as Finding No's: 2011-01 and 2011-02.

This report is intended solely for the information and use of the Township of North Hanover's management, and Committee members, others within the organization, the Division of Local Government Services, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

Medford, New Jersey  
February 17, 2011

**FINANCIAL STATEMENTS**



**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Regular Fund:			
Cash - Treasurer	A-4	\$815,923	1,427,327
Change Funds	A-6	455	375
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	64	1,505
Total		<u>816,442</u>	<u>1,429,207</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	166,683	171,920
Tax Title Liens Receivable	A-9	36,858	29,458
Miscellaneous Receivable	A		7,603
Property Acquired for Taxes - (Assessed Valuation)	A	3,410	3,410
Revenue Accounts Receivable	A-10	95,222	41,534
Due from Chesterfield Court	A	8,003	
Due from State & Federal Grant Fund	A	20,678	
Due from Trust Other Fund	B	43,434	36,564
Due from Dog Trust Fund	B		2,655
Due from General Capital Fund	C	94,196	94,196
Total Receivable & Other Assets With Full Reserves		<u>468,484</u>	<u>387,340</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations		70,200	98,400
Total		<u>70,200</u>	<u>98,400</u>
Total Regular Fund		<u>1,355,126</u>	<u>1,914,947</u>
Federal & State Grant Fund:			
Cash	A-4		9,974
Due from Trust Other Fund	B	6,541	6,541
Federal & State Grants Receivable	A-19	709,780	500,655
Total Federal & State Grants		<u>716,321</u>	<u>517,170</u>
Total Assets		<u>\$2,071,447</u>	<u>2,432,117</u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2011	2010
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$27,750	127,201
Reserve for Encumbrances	A-3	12,714	24,743
Prepaid Taxes	A-12	64,120	72,426
Tax Overpayments	A-13	6,800	28,601
Due County for Added & Omitted Taxes	A-15	11,627	8,629
Local District School Tax Payable	A-16		316,512
Regional School Tax Payable	A-17		427,566
Municipal Open Space Tax Payable	A-18	736	736
Reserve for Sale of Municipal Assets	A	17,133	17,133
Special Emergency Note Payable	A	70,200	93,600
Reserve for Preparation of Master Plan	A	810	810
Reserve for Revaluation	A	11,211	64,184
Reserve for Tax Appeals	A	99,243	
Due to Trust - Outside Police	B	4,846	
Due to Animal Control Trust	B	849	
Due to State - DCA Fees	A		774
		<hr/>	
Total Liabilities		328,039	1,182,915
		<hr/>	
Reserve for Receivables & Other Assets	A	468,484	387,340
Fund Balance	A-1	558,603	344,692
		<hr/>	
Total Regular Fund		1,355,126	1,914,947
		<hr/>	
State & Federal Grants:			
Due to Current Fund	A	20,678	
Encumbrance Payable	A-21	364,601	
Reserve for Federal & State Grants:			
Unappropriated	A-20	19,551	9,160
Appropriated	A-21	311,491	508,010
		<hr/>	
Total State & Federal Grants		716,321	517,170
		<hr/>	
Total Liabilities, Reserves & Fund Balance		\$2,071,447	2,432,117
		<hr/> <hr/>	

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



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Revenue & Other Income Realized:		
Fund Balance Utilized	\$335,000	626,000
Miscellaneous Revenue Anticipated	1,919,232	1,922,245
Receipts From Delinquent Taxes	168,440	258,475
Receipts from Current Taxes	7,406,998	7,433,685
Nonbudget Revenues	39,052	48,515
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	77,114	61,436
Interfunds Liquidated		15,679
	<hr/>	<hr/>
Total Income	9,945,836	10,366,035
	<hr/>	<hr/>
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,087,103	1,049,642
Other Expenses	1,017,678	982,239
Deferred Charges & Statutory Expenditures - Municipal	285,867	199,775
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	147,745	163,126
Other Expenses	294,699	502,548
Municipal Debt Service	308,958	311,310
Capital Improvements	17,000	
Deferred Charges & Statutory Expenditures - Municipal	94,200	71,116
County Taxes	1,734,522	1,864,452
Due County for Added and Omitted Taxes	11,627	8,629
Local District School Taxes	1,755,598	1,979,264
Regional School Taxes	2,396,940	2,599,735
Municipal Open Space Tax	215,570	212,603
Creation of Other Receivable	400	
Interfunds - Advanced	29,018	102,497
	<hr/>	<hr/>
Total Expenditures	9,396,925	10,046,936
	<hr/>	<hr/>
Excess in Revenue	548,911	319,099
	<hr/>	<hr/>
Fund Balance January 1	344,692	651,593
	<hr/>	<hr/>
Total	893,603	970,692
Decreased by:		
Utilized as Anticipated Revenue	335,000	626,000
	<hr/>	<hr/>
Fund Balance December 31	\$558,603	344,692
	<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$335,000		335,000	
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Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	6,000		4,452	(1,548)
Other	14,000		24,545	10,545
Fees & Permits	185,000		216,054	31,054
Fines & Costs:				
Municipal Court	93,000		105,521	12,521
Interest on Costs & Taxes	50,000		41,661	(8,339)
Interest on Investments & Deposits	20,000		9,728	(10,272)
Summer Recreation Program - North Hanover				
Board of Education	15,000		15,000	
Communication Leases - Cable/Tower	57,500		53,967	(3,533)
Consolidated Municipal Property Tax Relief Aid	21,915		21,915	
Energy Tax Receipts	743,799		743,799	
Uniform Construction Code Fees	50,000		64,022	14,022
Wrightstown Court Fees	10,000		14,257	4,257
Wrightstown Court Contribution	12,571			(12,571)
Transfer of Reserves from Municipal Open				
Space Trust for Debt Service	129,598		129,598	
Federal Emergency Management Fund	22,500		22,650	150
Interlocal Service Agreement:				
Chesterfield Court Fees	122,000		81,063	(40,937)
Auction Proceeds - Sale of Various Fixed Assets	103,847		103,847	
Interfunds Receivable	94,196			(94,196)
Solar Renewable Energy Credits	11,745		15,870	4,125
School Resource Officer - BOE Reimbursement	38,000		15,200	(22,800)
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	6,946		6,946	
Municipal Alliance for a Drug Free New Jersey	11,500		11,500	
Safe & Secure Communities Program	17,637		17,637	
NJ Transportation Trust Fund Authority - Stewart Road	200,000		200,000	
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Total Revenues	2,036,754		1,919,232	(117,522)
<hr/>				
Receipts from Delinquent Taxes	175,000		168,440	(6,560)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	958,251		924,195	(34,056)
<hr/>				
Budget Totals	3,505,005		3,346,867	(158,138)
Nonbudget Revenues			39,052	39,052
<hr/>				
Total	\$3,505,005	-	3,385,919	(119,086)

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collections	\$7,440,241
Allocated to School, County & Local Open Space Taxes	<u>6,661,342</u>
Balance of Support of Municipal Budget Appropriations	778,899
Add: Appropriation "Reserve for Uncollected Taxes"	178,539
Less: Reserve for Tax Appeals Pending	<u>(33,243)</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$924,195</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u><u>\$168,440</u></u>
Fees & Permits - Other:	
Clerk	<u>\$216,054</u>
Total	<u><u>\$216,054</u></u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$16,847
Burlington County Tower Lease	1,719
Inspection of Motor Vehicles	7,657
Administrative Fee for Senior Citizens & Veterans	1,316
Marriage Licenses	290
Cable Franchise Fee	5,516
Outside Police	3,035
Hotel/Motel Licenses	<u>2,672</u>
Total	<u><u>\$39,052</u></u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>GENERAL GOVERNMENT:</b>					
Mayor & Township Committee:					
Salaries and Wages	\$26,500	26,800	26,731	69	
Other Expenses	3,750	3,750	1,718	1,032	1,000
Municipal Clerk:					
Salaries and Wages	50,000	50,000	48,608	392	1,000
Other Expenses	5,645	5,645	4,981	664	
Financial Administration:					
Salaries and Wages	55,000	55,000	54,942	58	
Other Expenses	13,500	15,350	15,328	22	
Audit Services:					
Other Expenses	36,000	36,000	36,000		
Lien Interest and Costs:					
Other Expenses	2,000	2,000	1,661	339	
Collection of Taxes:					
Salaries and Wages	16,250	16,250	16,081		169
Other Expenses	5,650	5,650	5,461	58	131
Assessment of Taxes:					
Salaries and Wages	22,500	22,500	22,287	13	200
Other Expenses	3,350	3,450	3,436	14	
Legal Services & Costs:					
Other Expenses	35,000	35,000	32,236	2,764	
Engineering Services & Costs:					
Other Expenses	7,000	3,850	3,749	1	100
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning & Zoning Board:					
Salaries and Wages	624	624	572		52
Other Expenses	3,900	3,900	3,634	66	200
Zoning Officer:					
Other Expenses	175	175	25	50	100
Mobile Home Inspector:					
Other Expenses	500	500	53	47	400
<b>INSURANCE:</b>					
Other Insurance Premiums	62,000	61,000	60,353	47	600
Worker's Compensation Insurance	96,349	96,349	96,349		
Group Insurance Plan for Employees	243,494	190,294	189,830	64	400
<b>PUBLIC SAFETY:</b>					
Police:					
Salaries and Wages	674,000	711,000	708,977	123	1,900
Other Expenses	88,600	85,100	64,975	125	20,000

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Emergency Management Service:					
Salaries and Wages					
Other Expenses	1,500	1,500	582	18	900
Aid to Volunteer Fire Company:					
Jacobstown Volunteer Fire Company	63,550	63,550	52,047	1,503	10,000
Aid to Volunteer Fire Company in Adjoining Municipalities:					
Cookstown Volunteer Fire Company	5,000	5,000	5,000		
Municipal Prosecutor:					
Salaries and Wages	2,500	2,550	2,516	34	
Other Expenses	7,030	8,330	8,328	2	
<b>PUBLIC WORKS FUNCTIONS</b>					
Public Works:					
Salaries and Wages	100	100		100	
Other Expenses	98,500	127,150	121,393	5,757	
Sanitation:					
Waste Facility:					
Salaries and Wages	29,000	26,000	25,885	115	
Other Expenses	31,000	29,500	27,112	2,388	
Recycling:					
Salaries and Wages	100	100		100	
Other Expenses	100	100		100	
Public Buildings & Grounds:					
Salaries and Wages	18,000	18,000	15,699	301	2,000
Other Expenses	41,895	39,895	32,145	750	7,000
Vehicle Maintenance:					
Other Expense	15,000	21,000	20,680	320	
<b>HEALTH &amp; HUMAN SERVICES</b>					
Board of Health:					
Other Expenses	450	450		100	350
Dog Regulation:					
Salaries and Wages	250	250			250
Other Expenses	1,400	1,400	332	68	1,000
<b>PARKS &amp; RECREATION FUNCTIONS:</b>					
Parks & Playgrounds:					
Salaries and Wages	27,500	27,500	27,100	400	
Other Expenses	36,021	36,021	27,733	288	8,000
Celebration of Public Events:					
Other Expenses	7,700	7,700	7,333	367	
<b>UTILITY EXPENSES &amp; BULK PURCHASES:</b>					
Electricity	35,000	25,700	25,689	11	
Street Lighting	28,000	26,000	25,801	199	
Telephone	11,750	12,900	12,895	5	
Gas	5,500	6,400	6,395	5	
Fuel Oil	2,000	2,000	1,289	111	600
Gasoline	46,000	49,000	48,859	141	

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Municipal Court:					
Salaries and Wages	62,000	62,000	56,685	315	5,000
Other Expenses	9,000	9,000	5,964	536	2,500
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>					
Landfill Tipping Fees					
Other Expenses	49,000	49,000	43,588	5,412	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):</b>					
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	81,000	79,000	78,929	71	
Other Expenses	2,400	2,150	1,226	124	800
<b>Total Operations Within "CAPS"</b>	<b>2,170,033</b>	<b>2,169,433</b>	<b>2,079,192</b>	<b>25,589</b>	<b>64,652</b>
Detail:					
Salaries and Wages	1,065,324	1,097,674	1,085,012	2,091	10,571
Other Expenses	1,104,709	1,071,759	994,180	23,498	54,081
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>					
<b>MUNICIPAL - WITHIN "CAPS"</b>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	64,326	64,326	64,326		
Social Security System (O.A.S.I)	85,000	85,600	85,566	34	
Police & Fireman's Retirement System	126,841	126,841	126,841		
Unemployment Compensation Insurance	8,400	8,400	8,090	10	300
Defined Contribution Retirement Program	1,000	1,000		1,000	
<b>Total Statutory Expenditures</b>	<b>285,567</b>	<b>286,167</b>	<b>284,823</b>	<b>1,044</b>	<b>300</b>
<b>Total General Appropriations Within "CAPS"</b>	<b>2,455,600</b>	<b>2,455,600</b>	<b>2,364,015</b>	<b>26,633</b>	<b>64,952</b>
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>					
Public Assistance	100	100		100	
Recycling Tax Appropriations:					
Recycling Tax	2,500	2,500	2,319	181	
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>					
Municipal Court:					
Salaries and Wages	82,500	82,500	82,468	32	
Other Expenses	11,500	11,500	6,385	615	4,500
Statutory Expenditures:					
Social Security System (O.A.S.I)	7,000	7,000	7,000		
Contributions to Employees Retirement System	7,278	7,278	7,278		
Unemployment Compensation Insurance	600	600	239	61	300
Group Insurance Plan for Employees	20,000	20,000	20,000		

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS - EXCLUDED FROM "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Municipal Prosecutor:					
Other Expenses	12,800	12,800	11,172	128	1,500
Public Works:					
Other Expenses	17,900	17,900	17,900		
<b>PUBLIC &amp; PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:</b>					
Municipal Alliance for a Drug Free New Jersey:					
State Share	11,500	11,500	11,500		
Township Share	2,875	2,875	2,875		
Clean Communities Grant					
Recycling Grant - State Share	6,946	6,946	6,946		
Safe & Secure Communities Program:					
State Share	17,637	17,637	17,637		
Township Share	47,608	47,608	47,608		
NJ Transportations Trust Fund Authority Act	200,000	200,000	200,000		
<b>Total Operations</b>	<b>448,744</b>	<b>448,744</b>	<b>441,327</b>	<b>1,117</b>	<b>6,300</b>
<b>Total Operations Including Contingent</b>	<b>448,744</b>	<b>448,744</b>	<b>441,327</b>	<b>1,117</b>	<b>6,300</b>
Detail:					
Salaries and Wages	147,745	147,745	147,713	32	
Other Expenses	300,999	300,999	293,614	1,085	6,300
Capital Improvements:					
Capital Improvement Fund	17,000	17,000	17,000		
<b>Total Capital Improvements</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>		
Municipal Debt Service:					
Payment of Bond Principal	130,000	130,000	130,000		
Payment of Bond Anticipation & Capital Notes	94,202	94,202	94,202		
Interest on Bonds	68,380	68,380	68,380		
Interest on Notes	16,000	16,000	14,042		1,958
Special Emergency Notes: Interest	2,340	2,340	2,334		6
<b>Total Municipal Debt Service</b>	<b>310,922</b>	<b>310,922</b>	<b>308,958</b>		<b>1,964</b>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS - EXCLUDED FROM "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>					
<b>MUNICIPAL - EXCLUDED FROM "CAPS"</b>					
Special Emergency Authorizations -					
5 Years	28,200	28,200	28,200		
Reserve for Tax Appeals	66,000	66,000	66,000		
Total Deferred Charges & Statutory Expenditures	94,200	94,200	94,200		
Subtotal General Appropriations	3,326,466	3,326,466	3,225,500	27,750	73,216
Reserve for Uncollected Taxes	178,539	178,539	178,539		
Total General Appropriations	<u>\$3,505,005</u>	<u>3,505,005</u>	<u>3,404,039</u>	<u>27,750</u>	<u>73,216</u>
Budget					
		<u>\$3,505,005</u>			
Total					
		<u>\$3,505,005</u>			
Reserve for State & Federal Grants Appropriated					
			\$286,566		
Deferred Charges					
			94,200		
Encumbrances Payable					
			12,714		
Reserve for Uncollected Taxes					
			178,539		
Disbursed					
			<u>2,832,020</u>		
Total					
			<u>\$3,404,039</u>		

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



**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Animal Control Trust Fund:			
Cash	B-1	\$549	2,703
Due from Current Fund	A	849	
		<hr/>	
Total Animal Control Trust Fund		1,398	2,703
Other Funds:			
Cash - Treasurer	B-1	947,066	853,389
Cash - Collector	B-2	22,400	63,372
Due from Bank	B	235	
Due from Municipal Court	B	7,579	
Due from Current Fund - Outside Police	A	4,846	
Municipal Open Space Receivable	B-5,A	736	736
		<hr/>	
Total Other Funds		982,862	917,497
		<hr/>	
Total Assets		<u>\$984,260</u>	<u>920,200</u>
 LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$1,393	43
Due to State	B	5	5
Due to Current Fund	B		2,655
		<hr/>	
Total Animal Control Trust Fund		1,398	2,703
Other Funds:			
Due to Current Fund	B-3,A	43,434	36,564
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Escrow Deposits	B-6	68,793	88,575
Reserve for Affordable Housing	B-7	167,210	169,252
Reserve for Payroll Deductions	B-8	36,903	23,919
Reserve for Recreation	B-9	81,387	64,623
Reserve for Special Law Enforcement	B-10		1,180
Reserve for Public Defender Fee	B-11		2,415

**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010**

LIABILITIES & RESERVES (continued):	REFERENCE	2011	2010
Reserve for Fire Prevention Fines	B-13	350	350
Reserve for Citizens' Contributions for Future Municipal Purposes	B-14	2,606	2,606
Reserve for Tax Premiums	B-2	22,400	49,200
Reserve for Tax Title Liens	B		14,172
Reserve for Ambulance Fund Contributions	B-12	465	465
Reserve for Municipal Open Space	B-5	540,030	451,397
Reserve for Outside Police	B	2,029	23
Reserve for County Fair	B	6,885	5,143
Reserve for POAA	B	26	72
Reserve for Program Income - Municipal Alliance	B	1,623	50
Reserve for Senior Citizen Donation	B	205	
Reserve for Unallocated Receipts	B	1,025	
Reserve for Police	B-15	950	950
		<hr/>	<hr/>
Total Other Funds		982,862	917,497
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		<u>\$984,260</u>	<u>920,200</u>

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

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Cash	C-1	\$304,089	16,069
Accounts Receivable	C-2	2,306	2,306
Deferred Charges to Future Taxation - Funded	C-3	1,250,000	1,380,000
Deferred Charges to Future Taxation - Unfunded	C-4	772,898	596,350
		<hr/>	
Total Assets		\$2,329,293	1,994,725
		<hr/> <hr/>	
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-8	\$1,250,000	1,380,000
Bond Anticipation Notes	C-7	559,578	383,030
Capital Improvement Fund	C-6	5,911	3,161
Due To Current Fund	C-2,A	94,196	94,196
Improvement Authorizations:			
Funded	C-5	51,809	37,559
Unfunded	C-5	317,092	46,342
Reserve for:			
Capital Surplus	C-2	567	567
Premiums on Notes Issued	C-2	270	
Fire Equipment	C-2	49,370	49,370
Acquisition of Land	C-2	500	500
		<hr/>	
Total Liabilities, Reserves & Fund Balance		\$2,329,293	1,994,725
		<hr/> <hr/>	

There were bonds and notes authorized but not issued on December 31, 2011 of \$213,320 and on December 31, 2010 was \$213,320.

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

**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE STATEMENT OF ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010**

ASSETS	2011	2010
Land & Buildings	\$1,944,452	1,944,452
Buildings	1,017,099	1,017,099
Vehicles	1,620,402	1,620,402
Machinery & Equipment	853,837	853,837
	<hr/>	<hr/>
Total	\$5,435,790	5,435,790
	<hr/> <hr/>	<hr/> <hr/>
FUND BALANCE		
Investment in General Fixed Assets	\$5,435,790	5,435,790
	<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**TOWNSHIP OF NORTH HANOVER**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Township of North Hanover was incorporated in 1905 and is located in the County of Burlington, New Jersey. The population according to the 2010 census was 7,678.

The form of Government is known as a Township pursuant to N.J.S.A.40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor.

**Component Units**

The Township of North Hanover had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township of North Hanover contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of North Hanover accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Trust Fund** – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – the General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Budgets and Budgetary Accounting** - The Township of North Hanover must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.



## TOWNSHIP OF NORTH HANOVER

### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

#### **Note 1. Summary of Significant Accounting Policies (continued):**

The cash management plan adopted by the Township of North Hanover requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories and Supplies** - The cost 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 of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

**Foreclosed property** - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**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.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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 revenues when received.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Township of North Hanover School District and the Northern Burlington County Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Township of North Hanover School District and its share of the Northern Burlington County Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Township's share of the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2010 and decreased by the amount deferred at December 31, 2011.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. 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<sup>th</sup> 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<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**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.

**TOWNSHIP OF NORTH HANOVER**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Post-employment Benefits** – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

**Note 2. Cash and Cash Equivalents**

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2011, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	<u>\$2,090,482</u>
Total Deposits	<u>\$2,090,482</u>

**TOWNSHIP OF NORTH HANOVER**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 2. Cash and Cash Equivalents (continued):**

<b>Type</b>	<b>Carrying Value</b>
<b>Reconciliation to Governmental Fund Statements:</b>	
Current Fund	\$ 816,378
Trust Funds	970,015
Capital Funds	<u>304,089</u>
<b>Total</b>	<b><u>\$2,090,482</u></b>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2011, the Township's bank balance of \$2,380,970 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's Name Under GUDPA (See Note 3)	<u>2,130,970</u>
<b>Total</b>	<b><u>\$2,380,970</u></b>

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The Township has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

**TOWNSHIP OF NORTH HANOVER**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

Commissioner from the right to receive public funds or deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. 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 year's budgets:

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 4. Fund Balances Appropriated (continued):**

Year	Balance December 31,	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
2011	\$558,603.00	\$336,000.00	60.15%
2010	344,692.00	335,000.00	97.19%
2009	651,593.00	626,000.00	96.07%
2008	671,525.00	510,000.00	75.95%
2007	840,266.00	620,000.00	73.79%

**Note 5. Interfund Receivables and Payables**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2011:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$158,308	\$ 5,695
State & Federal Grant Fund	6,541	20,678
Trust – Other Funds	4,846	49,975
Dog Trust	849	
General Capital Fund	<u>          </u>	<u>94,196</u>
Total	<u>\$170,544</u>	<u>\$170,544</u>

The purpose of these interfunds was short-term borrowings.

**Note 6. Pension**

**A. Plan Description**

The Township of North Hanover contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and

## TOWNSHIP OF NORTH HANOVER

### NOTES TO FINANCIAL STATEMENT (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

#### Note 6. Pension (continued):

Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of N.J.S.A.43:15A and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of N.J.S.A.43:16A. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of N.J.S.A.43:16A, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

#### B. Vesting and Benefit Provisions

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 6C below.

#### C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½

## TOWNSHIP OF NORTH HANOVER

### NOTES TO FINANCIAL STATEMENT (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

#### Note 6. Pension (continued):

of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

#### D. Contribution Requirements

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Springfield Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions to P.E.R.S. for the years ending December 31, 2011, 2010 and 2009 were \$64,326, \$55,298 and \$33,871, respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009



**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 6. Pension (continued):**

were \$126,841, \$104,648 and \$76,540, respectively, equal to the required contributions for each year.

**Note 7. Compensated Absences**

Full-time employees are entitled to eight paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The Township will compensate employees for unused sick leave upon termination or retirement to a maximum of \$5,000. Vacation days not used during the year may not be accumulated and carried forward.

Public works employees may accrue a maximum of 8 hours compensation time in lieu of overtime pay.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that at December 31, 2011, accrued benefits for compensated absences are valued at \$47,120.

**Note 8. Lease Obligations**

At December 31, 2011, the Township had lease agreements in effect for the following:

Capital Leases – The following capital fixed assets were acquired by capital lease:

	Balance December 31, 2011
Vehicles	<u>\$42,832</u>

Future minimum lease payments under capital lease agreements are as follows:

Year	Amount
2012	\$27,153
2013	<u>17,942</u>
Total	45,095
Less: Amount Representing Interest	<u>(2,263)</u>
Outstanding Principal	<u>\$42,832</u>

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 9. Capital Debt**

**Summary of Debt**

Issued	Year 2011	Year 2010	Year 2009
General:			
Bonds & Notes & Loans	<u>\$2,022,628</u>	<u>\$1,976,350</u>	<u>\$2,198,050</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of .44%:

	Gross Debt	Deductions	Net Debt
Regional School Debt	\$3,774,511	3,774,511	
General	2,022,898	270	2,022,628
Total	<u>\$5,797,409</u>	<u>3,774,781</u>	<u>2,022,628</u>

Net Debt \$2,022,628 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$2,022,628 equals .44%.

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

3½% of Equalized Valuation Basis (Municipal)	\$16,544,170
Net Debt	<u>2,022,628</u>
Remaining Borrowing Power	<u>\$14,521,542</u>

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (See Exhibit C-8)**

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 9. Capital Debt (continued):**

Year	<u>General</u>		Total
	Principal	Interest	
2012	\$ 135,000	\$ 61,490	\$ 196,490
2013	140,000	54,340	194,340
2014	145,000	46,930	191,930
2015	150,000	39,260	189,260
2016	155,000	31,330	186,330
2017-2019	<u>525,000</u>	<u>41,470</u>	<u>566,470</u>
Total	<u>\$1,250,000</u>	<u>\$274,820</u>	<u>\$1,524,820</u>

**Bond Anticipation Notes (See Exhibit C-7) – Note matures December 15, 2012 @ 2.5000%.**

Balance December 31, 2010	Issued	Retired	Balance December 31, 2011
<u>\$383,030</u>	<u>\$559,578</u>	<u>\$383,030</u>	<u>\$559,578</u>

**Note 10. Deferred School District Taxes**

The North Hanover Township School District tax and Northern Burlington County Regional High School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<b>BALANCE DECEMBER</b>	
	2011	2010
Local School Taxes:		
Balance of Tax	\$	\$ 316,512
Deferred	<u>1,057,457</u>	<u>698,100</u>
Tax Payable	<u>\$1,057,457</u>	<u>\$1,014,612</u>
Regional School Taxes:		
Balance of Tax	\$	\$ 427,566
Deferred	<u>1,134,628</u>	<u>946,900</u>
Tax Payable	<u>\$1,134,628</u>	<u>\$1,374,466</u>

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 11. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed. Settlements in each of the past three years have not exceeded the insurance coverage.

**Note 12. Municipal Open Space**

The Township of North Hanover is strongly committed to preserving, to the extent possible, farmland within the Township for the benefit of the citizens of the Township of North Hanover and the State of New Jersey. At the general election in 2000 the voters approved a tax rate of two cents (.02) per \$100. This rate was in effect for 2001, 2002 and 2003. Voters approved a four cent (.04) tax rate for calendar year 2004. At the general election in 2004, the voters approved a tax rate of eleven cents (.11) per \$100 for 2005, 2006 and 2007, and for 2008, 2009 and 2010 a rate of nine cents (.09), and for 2011 a rate of five cents (.05) per \$100 of the assessed value of real property in order to raise revenue for the acquisition, development, maintenance and conservation of farmland, open space recreation and historic properties.

The following is a summary of activity for from the inception of the Municipal Open Space Trust Tax:

Municipal Open Space Tax Revenue	\$1,834,369
Interest Earned	39,458
Debt Paid To-Date	(1,053,643)
Paid Fees for Professional Services	(49,891)
Open Space Purchases	<u>(230,263)</u>
Reserve Balance for Municipal Open Space	<u>\$ 540,030</u>

**Note 13. Other Post Retirement Benefits – GASB 45**

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

**Plan Description**

The Township contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*,

**TOWNSHIP OF NORTH HANOVER**

**NOTES TO FINANCIAL STATEMENT (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 13. Other Post Retirement Benefits – GASB 45 (continued):**

to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The Township's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. The Township will cover the entire cost of post-retirement health benefits for the retirees and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and twenty (20) continuous years or more of service with the Township of North Hanover. Post-retirement benefits included Medicare reimbursement.

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

**Funding Policy**

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

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Township on a monthly basis.

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. The Township's contributions for related health care premiums for the years ended December 31, 2011 and 2010 were \$189,830 and \$186,944 respectively.



**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**





**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CURRENT CASH  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	CURRENT	FEDERAL & STATE GRANT FUNDS
Balance December 31, 2010	\$1,427,327	9,974
Increased by Receipts:		
Tax Collector	\$7,576,933	
State of New Jersey:		
DCA Fees/Marriage Fees	3,318	
Due from State of New Jersey - Senior		
Citizens' & Veterans' Deductions	48,635	
Petty Cash	200	
Due from Interfunds	80,716	71,161
Miscellaneous Revenue Not Anticipated	39,052	
Revenue Accounts Receivable	1,641,488	
Unappropriated Grants		17,337
Federal & State Grants Receivable		20,012
	9,390,342	108,510
Total Increases		
	10,817,669	118,484
Total Receipts		
Decreased by Disbursements:		
2011 Budget Appropriations	2,832,020	
2010 Appropriation Reserves	50,087	
Reserve For Encumbrances	24,743	
Reserve For Revaluation	52,973	
State of New Jersey:		
DCA Fees/Marriage Fees	4,092	
Tax Overpayments - Refunds	3,893	
County Taxes	1,734,522	
County Share of Added &		
Omitted Taxes	8,629	
Local District School Tax	2,072,110	
Regional School Taxes	2,824,506	
Special Emergency Note Payable	23,400	
Trust Other Fund - Open Space	215,570	
Public Defender Fees - Chesterfield	400	
Petty Cash	300	
Due to Interfunds	154,501	
Reserve for Federal & State Grant		
Funds - Appropriated		118,484
	10,001,746	118,484
Total Disbursements		
Balance December 31, 2011	\$815,923	-

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CASH AND RECONCILIATION  
PER N.J.S.40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$ -
Increased by:		
Taxes Receivable	\$7,471,152	
Interest & Costs on Taxes	41,661	
Prepaid Taxes	64,120	7,576,933
		<hr/>
Subtotal		7,576,933
Decreased by Disbursements:		
Deposits Directly to Treasurer Bank Account		7,576,933
		<hr/>
Balance December 31, 2011		<u><u>\$ -</u></u>

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

OFFICE	AMOUNT
Tax Collector	\$50
Municipal Court	300
Township Clerk	105
	<hr/>
Total	<u><u>\$455</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
CHAPTER 20, P.L. 1971  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$1,505
Increased by:	
2011 Senior Citizen & Veteran Deductions per Tax Billing	<u>47,194</u>
Subtotal	48,699
Decreased by:	
Collections	<u>48,635</u>
Balance December 31, 2011	<u><u>\$64</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2011**

YEAR	BALANCE	2011 LEVY	ADDED TAXES	COLLECTIONS		DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED	TRANSFER TO TAX TITLE LIENS	BALANCE
	DECEMBER 31, 2010			2010	2011					DECEMBER 31 2011
2009	\$3,286				3,727	(691)	250			
2010	168,634				166,519	(1,115)	2,334		896	
Total	171,920				170,246	(1,806)	2,584		896	
2011		7,609,328	49,789	72,426	7,300,906	49,000	45,825	17,909	6,368	166,683
Balance	\$171,920	7,609,328	49,789	72,426	7,471,152	47,194	48,409	17,909	7,264	166,683

**ANALYSIS OF 2010 PROPERTY TAX LEVY**

<b>Tax Yield:</b>	
General Purpose Tax	\$7,611,563
Added & Omitted Taxes (54:4-63.1 et seq.)	<u>47,554</u>
Total	<u>\$7,659,117</u>
<b>Tax Levy:</b>	
Regional School Tax	\$2,584,668
Local District School Tax	2,114,955
County Taxes:	
County Tax	\$1,416,616
County Library Tax	134,641
Open Space	183,265
Due County:	
Added & Omitted Taxes (R.S. 54.4-63.1 et seq.)	<u>11,627</u>
Total Taxes	<u>1,746,149</u>
Local Tax for Municipal Purpose	958,251
Local Open Space Tax	215,570
Add: Additional Tax Levied	<u>39,524</u>
Local Tax for Municipal Purposes Levied	<u>1,213,345</u>
Total	<u>\$7,659,117</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$29,458
Increased by:	
Interest & Costs on Taxes	136
Transfer from Taxes Receivable	7,264
Balance December 31, 2011	\$36,858

EXHIBIT A-10

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2011
Licenses:				
Alcoholic Beverages		4,452	4,452	
Other		24,545	24,545	
Fees & Permits		216,054	216,054	
Federal Emergency Management Assistance		22,650	22,650	
Auction Proceeds - Sale of Various				
Fixed Assets		103,847	103,847	
Solar Renewable Energy Credits		15,870	15,870	
School Resource Officer - BOE				
Reimbursement		15,200	15,200	
State of New Jersey:				
Energy Receipt Taxes		743,799	743,799	
Consolidated Municipal Property Tax Relief Aid		21,915	21,915	
Transfer From Open Space for				
Payment of Debt Service		129,598	129,598	
Interlocal Service Agreement:				
Chesterfield Court Fees	\$20,380	122,101	81,063	61,418
Cablevision Lease/Tower Rental		53,967	53,967	
Summer Recreation Program - Board of				
Education		15,000	15,000	
Interest on Investments		9,728	9,728	
Wrightstown Municipal Court				
Contribution	12,571	12,571		25,142
Construction Code Official:				
Fees & Permits		64,022	64,022	
Municipal Court:				
Fines & Costs	7,923	105,817	105,521	8,219
Wrightstown Municipal Court:				
Fines & Costs	660	14,040	14,257	443
<b>Total</b>	<b>\$41,534</b>	<b>1,695,176</b>	<b>1,641,488</b>	<b>95,222</b>
Cash Receipts			<b>\$1,641,488</b>	
Total			<b>\$1,641,488</b>	

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
<b>Salary &amp; Wages:</b>				
Police	\$23,379	23,379	4,794	18,585
<b>Other Expenses:</b>				
Municipal Clerk	963	963	191	772
Assessment of Taxes	439	739	639	100
Legal Services & Costs	5,093	5,093	1,063	4,030
Engineering Services & Costs	1,397	1,397	1,229	168
Zoning Officer	154	454	385	69
Construction Official	304	304	163	141
Unemployment Compensation Insurar	2,609	2,609	249	2,360
Unemployment Compensation Insurance - Outside CAPS	384	384	21	363
Police	13,510	13,510	9,188	4,322
Aid to Volunteer Fire Company	8,253	8,253	7,913	340
Public Works	21,503	29,503	29,445	58
Waste Facility	8,179	8,179	2,021	6,158
Public Buildings & Grounds	1,407	1,407	1,195	212
Vehicle Maintenance	3,828	3,828	2,267	1,561
Parks & Playgrounds	2,874	3,174	2,410	764
Celebration of Public Events	4,650	4,650	3,884	766
Electric	9,988	988	12	976
Telephone	667	667	187	480
Gasoline	4,640	4,640	3,563	1,077
Landfill Tipping Fees	3,692	3,692	3,252	440
Recycling Tax	506	506	143	363
Municipal Court - North Hanover	4,589	4,589	237	4,352
Municipal Court - Wrightstown	819	819	178	641
Municipal Court - Chesterfield	195	295	201	94
All Other Accounts - No Changes	27,922	27,922		27,922
<b>Total</b>	<b>\$151,944</b>	<b>151,944</b>	<b>74,830</b>	<b>77,114</b>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010 (2011 Taxes)	\$72,426
Increased by:	
Collection - 2011 Taxes	64,120
Subtotal	136,546
Decreased by:	
Apply to 2011 Taxes Receivable	72,426
Balance December 31, 2011 (2012 Taxes)	\$64,120

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$28,601
Increased by:	
Overpayments Created	4,083
Subtotal	32,684
Decreased by:	
Applied to Taxes Receivable	\$21,991
Refunded	3,893
	25,884
Balance December 31, 2011	\$6,800

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$ -
Increased by:		
2011 Levy:		
County Tax	\$1,416,616	
County Library Tax	134,641	
County Open Space Tax	183,265	1,734,522
		<hr/>
Subtotal		1,734,522
Decreased by:		
Payments		<hr/>
		1,734,522
		<hr/>
Balance December 31, 2011		<u><u>\$ -</u></u>

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		
Added Taxes (2010)		\$8,629
Increase by County Share of 2011 Levy:		
Added (R.S. 54:4-63.1 et seq.)		<hr/>
		11,627
Subtotal		20,256
Decreased by:		
Payments:		
Added Taxes (2010)		<hr/>
		8,629
Balance December 31, 2011:		
Added Taxes (2011)		<u><u>\$11,627</u></u>



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010:		
School Tax Payable	\$316,512	
School Tax Deferred	<u>698,100</u>	\$1,014,612
Increased by Local District School's Share of 2011 Levy:		
Levy - School Year July 1, 2011 to June 30, 2012		<u>2,114,955</u>
Subtotal		3,129,567
Decreased by Payments:		
Payments		<u>2,072,110</u>
Balance December 31, 2011:		
School Tax Payable		
School Tax Deferred	<u>1,057,457</u>	<u>1,057,457</u>
Total		<u><u>\$1,057,457</u></u>
2011 Liability for Local District School Tax:		
Tax Paid		\$2,072,110
Tax Payable December 31, 2011		<u>                    </u>
Subtotal		2,072,110
Less: Tax Payable December 31, 2010		<u>316,512</u>
Amount Charged to 2011 Operations		<u><u>\$1,755,598</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010:		
School Tax Payable	\$427,566	
School Tax Deferred	946,900	\$1,374,466
Increased by Regional School's Share of 2011 Levy:		
Levy - School Year July 1, 2011 to June 30, 2012		2,584,668
Subtotal		3,959,134
Decreased by Payments:		
Payments		2,824,506
Balance December 31, 2011:		
School Tax Payable		
School Tax Deferred	1,134,628	
Total		<u>\$1,134,628</u>
2011 Liability for Regional School Tax:		
Tax Paid		\$2,824,506
Tax Payable December 31, 2011		
Subtotal		2,824,506
Less: Tax Payable December 31, 2010		<u>427,566</u>
Amount Charged to 2011 Operations		<u><u>\$2,396,940</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF DUE TRUST OTHER FUND FOR RESERVE FOR OPEN SPACE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$736
Increased by:		
2011 Tax Levy		\$214,227
2011 Added & Omitted Taxes		1,343
		215,570
Subtotal		216,306
Decreased by:		
Disbursement - Trust Other Fund		215,570
		215,570
Balance December 31, 2011		\$736

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES  
FEDERAL AND STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

PROGRAM	BALANCE DECEMBER 31, 2010	ACCRUED	RECEIVED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2011
Federal Grants:					
Body Armor Replacement Fund	\$2,544				2,544
					2,544
Total	2,544				2,544
State Grants:					
Transportation Trust Fund					
Discretionary Aid Program	2,419				2,419
DOT Grant	62,582		14,125		48,457
DOT Grant - Stewart Road		200,000			200,000
Stop Violence Against Women	777				777
Safe & Secure Communities	15,000	17,637			32,637
Smart Growth Planning Grant	65,000				65,000
Municipal Alliance on Alcoholism & Drug Abuse	23,098	11,500	5,887		28,711
DVRPC Zoning Implementation Grant	48,000				48,000
Project Graduation	238				238
"55 Alive" DEDR Program	500				500
NJ Economic Development: Program - Hazardous Discharge	500				500
Recycling Tonnage Grant		6,946		6,946	
SLAHEOP Grant	2,406				2,406
Stormwater Regulation Program	3,750				3,750
State Agriculture Development Committee (SADC) Planning Assistance Grant	20,000				20,000
Burlington County Parks Grant	250,000				250,000
Polling Place Grant	3,841				3,841
					3,841
Total State Grants	498,111	236,083	20,012	6,946	707,236
					707,236
Total	\$500,655	236,083	20,012	6,946	709,780
					709,780
			Cash Receipts	\$20,012	
			Total	\$20,012	
				\$20,012	

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL AND STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

PROGRAM	BALANCE DECEMBER 31, 2010	GRANT RECEIPTS	REALIZED AS MISCELLANEOUS REVENUE IN 2011 BUDGET	BALANCE DECEMBER 31, 2011
Federal Grants:				
COPS Universal Program	\$2			2
Body Armor Replacement Program	2			2
Total	4			4
State Grants:				
Supplemental Fire Services	113			113
Body Armor Replacement Grant	1,197	1,352		2,549
Recycling Tonnage Grant	6,946	3,588	6,946	3,588
Clean Communities Grant	900	12,397		13,297
Total State Grants	9,156	17,337	6,946	19,547
Total All Grants	\$9,160	17,337	6,946	19,551

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

PROGRAM	BALANCE DECEMBER 31, 2010 APPROPRIATED	TRANSFERRED FROM 2011 BUDGET APPROPRIATION	DISBURSED	ENCUMBERED	BALANCE DECEMBER 31, 2011 APPROPRIATED
<b>Federal Grants:</b>					
COPS Universal Program	\$11,131				11,131
Small Cities Block Grant	27				27
Body Armor Replacement Program	2,060		693		1,367
<b>Total Federal Grants</b>	<b>13,218</b>		<b>693</b>		<b>12,525</b>
<b>State Grants:</b>					
DOT Grant	64,217				64,217
State Agriculture Development Committee (SADC) Planning Assistance Grant	39,155		10,405		28,750
Burlington County Parks Grant	250,000		10,549	184,896	54,555
Transportation Trust Fund - Stewart Road Municipal Alliance on Alcoholism & Drug Abuse	24,643	200,000 11,500	10,190 1,519	179,705	10,105 34,624
NJ Economic Development Authority Municipal Grant Program	6,510				6,510
Buckle Up New Jersey Grant	1,932				1,932
Special Legislative Grant - Purchase of Emergency Generators	916				916
Recycling Tonnage Grant	4,986	6,946	3,392		8,540
SLAHEOP Grant	2,406				2,406
DDEF	6,978				6,978
Smart Growth Grant	15,000				15,000
Body Armor Replacement Program Safe & Secure Communities Program	1,685		1,685		
Polling Place Grant	3,841	17,637	17,637		3,841
Clean Communities Grant	19,661		3,000		16,661
<b>Total State Grants</b>	<b>441,930</b>	<b>236,083</b>	<b>58,377</b>	<b>364,601</b>	<b>255,035</b>
<b>Municipal Share/ Local:</b>					
Safe & Secure Communities Program	43,124	47,608	56,313		34,419
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555				555
Municipal Alliance on Alcoholism & Drug Abuse	9,183	2,875	3,101		8,957
<b>Total Local Grants</b>	<b>52,862</b>	<b>50,483</b>	<b>59,414</b>		<b>43,931</b>
<b>Total All Grants</b>	<b>\$508,010</b>	<b>286,566</b>	<b>118,484</b>	<b>364,601</b>	<b>311,491</b>
Original Appropriations		\$286,566			
Cash Disbursements			118,484		
<b>Total</b>		<b>\$286,566</b>	<b>118,484</b>		



**SUPPLEMENTAL EXHIBITS**

**TRUST FUND**





**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
STATEMENT OF TRUST CASH  
PER N.J.S.40A:5-5-TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ANIMAL CONTROL TRUST FUND	OTHER FUNDS
Balance December 31, 2010	\$2,703	853,389
Increased by Receipts:		
Reserve for Dog Fund Expenditures Current Fund	2,890	209,780
Reserve for County Fair		5,838
Reserve for Escrow Deposits		75,312
Reserve for Affordable Housing		1,372
Reserve for Payroll		1,601,964
Reserve for Recreation		89,541
Reserve for Special Law Enforcement		175
Reserve for Senior Citizen Donation		205
Reserve for Unallocated Receipts		1,025
Reserve for Public Defender Fee		18,240
Reserve for Outside Police		31,098
Reserve for Program Income - Municipal Alliance		2,238
Reserve for Municipal Open Space		2,661
Total Increase	<u>2,890</u>	<u>2,039,449</u>
Total Receipts	<u>5,593</u>	<u>2,892,838</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures Current Fund	\$4,764 280	
Reserve for Escrow Deposits		95,094
Reserve for POAA		46
Reserve for Affordable Housing		3,414
Reserve for Payroll		1,588,980
Reserve for Public Defender Fee		20,655
Reserve for County Fair		4,096
Reserve for Recreation		72,777
Reserve for Special Law Enforcement		1,355
Reserve for Outside Police		29,092
Reserve for Program Income - Municipal Alliance		665
Reserve for Municipal Open Space		129,598
Total Disbursements	<u>5,044</u>	<u>1,945,772</u>
Balance December 31, 2011	<u><u>\$549</u></u>	<u><u>947,066</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF CURRENT CASH  
PER N.J.S. 40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$63,372
Increased by:		
Interest	\$21	
From Current Fund	27	
Reserve for Tax Title Lien Redemption	280,604	280,652
Subtotal		344,024
Decreased by:		
Refund Lien Redemption	321,603	
Interest to Current	21	321,624
Balance December 31, 2011		<u><u>\$22,400</u></u>

**TRUST OTHER FUND  
SCHEDULE OF DUE FROM/TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$36,564
Increase by:		
Receipts		6,870
Balance December 31, 2011		<u><u>\$43,434</u></u>

**TOWNSHIP OF NORTH HANOVER  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$43
Increased by:	
Collections:	
Dog License Fees Collected by Clerk	2,348
Subtotal	2,391
Decreased by:	
Expenditures Under R.S.4:19-15.11--Cash	998
Balance December 31, 2011	\$1,393

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2010	\$2,214
2009	2,160
Total	\$4,374

**TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$451,397
Increased by:	
Revenues - Tax Levy from Current Fund	\$215,570
Interest	2,661
Subtotal	669,628
Decreased by:	
Anticipated Revenue Current Fund - Debt Service	129,598
Balance December 31, 2011	\$540,030

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$88,575
Increased by:	
Interest Earned & Escrow Deposits	<u>75,312</u>
Subtotal	163,887
Decreased by:	
Refunds or Payments	<u>95,094</u>
Balance December 31, 2011	<u><u>\$68,793</u></u>

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$169,252
Increased by:	
Receipts:	
Affordable Housing Fees	<u>1,372</u>
Subtotal	170,624
Decreased by:	
Disbursement	<u>3,414</u>
Balance December 31, 2011	<u><u>\$167,210</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR PAYROLL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$23,919
Increased by:	
Payroll	<u>1,601,964</u>
Subtotal	1,625,883
Decreased by:	
Payroll Expenditures	<u>1,588,980</u>
Balance December 31, 2011	<u><u>\$36,903</u></u>

**ANALYSIS OF BALANCE**

Unallocated Balance	<u>\$36,903</u>
Total	<u><u>\$36,903</u></u>

**SCHEDULE OF RESERVE FOR RECREATION  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$64,623
Increased by:	
Receipts	<u>89,541</u>
Subtotal	154,164
Decreased by:	
Disbursements	<u>72,777</u>
Balance December 31, 2011	<u><u>\$81,387</u></u>

EXHIBIT B-10

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$1,180
Increased by:	
Receipts - Interest	<u>175</u>
Decreased by:	
Disbursements - Expenditures	<u>1,355</u>
Balance December 31, 2011	<u><u>-</u></u>

EXHIBIT B-11

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$2,415
Increased by:	
Receipts - Fees Collected by Court:	<u>18,240</u>
Subtotal	20,655
Decreased by:	
Disbursements - Expenditures	<u>20,655</u>
Balance December 31, 2011	<u><u>-</u></u>

EXHIBIT B-12

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010	<u><u>\$465</u></u>
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EXHIBIT B-13

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010

\$350

EXHIBIT B-14

**SCHEDULE OF RESERVE CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL PURPOSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010

\$2,606

EXHIBIT B-15

**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2011 & 2010

\$950





**SUPPLEMENTAL EXHIBITS**

**GENERAL CAPITAL FUND**



**TOWNSHIP OF NORTH HANOVER**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION**  
**PER N.J.S.40A:5-5-TREASURER**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010		\$16,069
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$17,000	
Interest Due Current Fund	98	
Premium on Notes	270	
Note Proceeds	270,750	288,118
Subtotal		304,187
Decreased by Disbursements:		
Interest Due Current Fund		98
Balance December 31, 2011		\$304,089

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	RECEIPTS MISCELLANEOUS	TRANSFERS FROM TO		BALANCE DECEMBER 31, 2011
Capital Improvement Fund	\$3,161	17,000		14,250	5,911
ORDINANCE NUMBER					
1997-16 Feasibility Study for Improvements to Municipal Building & Replacement of Heating System	1,862				1,862
1999-04 Various Capital Improvements	24,559				24,559
2001-03 Capital Improvements & Purchase of Equipment	6,889				6,889
2003-06 Public Safety Equipment	4,126				4,126
2003-08 Acquisition of Farms for Farmland Preservation Program	13,890				13,890
2006-06 Acquisition of Farms for Farmland Preservation & Various Capital Improvements	(19,214)				(19,214)
2006-10 Purchase of Validator & Postage Machine	3,200				3,200
2009-21 Acquisition & Installation of Solar Panels	(172,669)				(172,669)
2009-22 Reconstruction of Schoolhouse Road Phase II	7,938				7,938
2011-05 Acquisition of Certain Real Property Premiums on Notes Issued - Reserve for Debt Service		270,750	14,250		285,000
Reserve for Acquisition of Land	500	270			500
Reserve for Fire Equipment	49,370				49,370
Capital Surplus	567				567
Due Current Fund	94,196		190,097	190,097	94,196
Accounts Receivable	(2,306)				(2,306)
Total	<u>\$16,069</u>	<u>288,020</u>	<u>204,347</u>	<u>204,347</u>	<u>304,089</u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$1,380,000
Decreased by:	
2011 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>130,000</u>
Balance December 31, 2011	<u><u>\$1,250,000</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2010	2011 AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2011	ANALYSIS OF BALANCE	
						BOND ANTICIPATION NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
2001-03	Capital Improvements & Purchase of Equipment	\$9,790		9,790			
2003-06	Public Safety Equipment	42,040		14,012	28,028	28,028	
2003-08	Acquisition of Farms for Farmland Preservation Program	91,200		30,400	60,800	60,800	
2006-06	Acquisition of Farms/Various Capital Improvements	263,320		40,000	223,320	200,000	19,214
2009-21	Acquisition & Installation of Solar Panels	190,000			190,000		172,669
2011-05	Acquisition of Certain Real Property		270,750		270,750	270,750	
	<b>Total</b>	<b>\$596,350</b>	<b>270,750</b>	<b>94,202</b>	<b>772,898</b>	<b>559,578</b>	<b>191,883</b>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2011**

IMPROVEMENT DESCRIPTION	ORDINANCE		AMOUNT	BALANCE DECEMBER 31, 2010		AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011	
	NUMBER	DATE		FUNDED	UNFUNDED			FUNDED	UNFUNDED
General Improvements:									
Feasibility Study for Improvement to Municipal & Replacement of Heating System	1997-16	8/28/1997	\$35,000	\$1,862				1,862	
Various Capital Improvements	1999-04	3/20/1999	1,590,000	24,559				24,559	
Capital Improvements & Purchase Equipment	2001-03	5/10/2001	120,000		6,889				6,889
Purchase of Public Safety Equipment	2003-06	9/18/2003	147,500		4,126				4,126
Acquisition of Farms for Farmland Preservation	2003-08	11/13/2003	320,000		13,890				13,890
Acquisition of Farms for Farmland Preservation & Various Capital Improvements	2006-06	5/28/2006	445,600		4,106				4,106
Purchase of Validator/Postage Machine	2006-10	8/24/2006	3,200	3,200				3,200	
Acquisition & Installation of Solar Panels	2009-21	12/17/2009	200,000		17,331				17,331
Reconstruction of Schoolhouse Road Phase III	2009-22	12/17/2009	17,000	7,938				7,938	
Acquisition of Certain Real Property	2011-05	11/15/2011	285,000			285,000		14,250	270,750
			Total	\$37,559	46,342	285,000	-	51,809	317,092

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$3,161
Increased by:	
Capital Improvement Fund - Current Fund Budget	<u>17,000</u>
Subtotal	20,161
Decreased by:	
Funded Portion of 2011 Improvement Authorizations Issued	<u>14,250</u>
Balance December 31, 2011	<u><u>\$5,911</u></u>



**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	NOTE NUMBER	DATE OF ISSUE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2010	INCREASE RENEWAL	DECREASE		BALANCE DECEMBER 31, 2011
									RENEWAL	PAID BY BUDGET APPROPRIATION	
2001-03	Capital Improvements & Purchase of Equipment	1	7/26/2001	12/16/2010	12/15/2011	2.5000%	\$9,790			9,790	
		1	7/26/2001	12/15/2011	12/14/2012	2.5000%					
2003-06	Public Safety Equipment	2	10/20/2003	12/16/2010	12/15/2011	2.5000%	42,040		28,028	14,012	
		2	10/20/2003	12/15/2011	12/14/2012	2.5000%		28,028			28,028
2003-08	Acquisition of Farms for Farmland Preservation Program	3	12/22/2003	12/16/2010	12/15/2011	2.5000%	91,200		60,800	30,400	
		3	12/22/2003	12/15/2011	12/14/2012	2.5000%		60,800			60,800
2006-06	Acquisition of Farms for Farmland Preservation Program/ Various Capital Improvements	4	12/29/2006	12/16/2010	12/15/2011	2.5000%	240,000		200,000	40,000	
		4	12/29/2006	12/15/2011	12/14/2012	2.5000%		200,000			200,000
2011-05	Acquisition of Certain Real Property		12/15/2011	12/15/2011	12/14/2012	2.5000%		270,750			270,750
Total							\$383,030	559,578	288,828	94,202	559,578

09

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2010	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2011
			DECEMBER 31, 2011 DATE	AMOUNT				
General Bonds of 1999	6/15/99	\$2,520,000	6/15/12	135,000	5.20%	\$1,380,000	130,000	1,250,000
			6/15/13	140,000				
			6/15/14	145,000				
			6/15/15	150,000				
			6/15/16	155,000				
			6/15/17	170,000				
			6/15/18	175,000				
			6/15/19	180,000				
Total								
					\$1,380,000	130,000	1,250,000	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2010	IMPROVEMENT AUTHORIZATIONS	BALANCE DECEMBER 31, 2011
2006-06	Various Capital Improvements	\$23,320		23,320
2009-21	Installation of Solar Panels	190,000		190,000
	Total	\$213,320	-	213,320



**SUPPLEMENTAL EXHIBITS**

**GENERAL FIXED ASSETS**



**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS GROUP OF ACCOUNTS  
STATEMENT OF GENERAL FIXED ASSET GROUP OF ACCOUNTS  
FOR THE YEAR ENDING DECEMBER 31, 2011**

	BALANCE DECEMBER 31, 2010	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2011
General Fixed Assets:				
Land	\$1,944,452			1,944,452
Buildings	1,017,099			1,017,099
Vehicles	1,620,402			1,620,402
Machinery & Equipment	853,837			853,837
Total General Fixed Assets	\$5,435,790		-	5,435,790
Total Investments in General Fixed Assets	\$5,435,790		-	5,435,790





**SUPPLEMENTARY DATA**



**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 the percentage of net debt of equalized valuation basis of .44%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District	\$3,774,511	3,774,511	
General	2,022,898	270	2,022,628
	<hr/>		
Total	\$5,797,409	3,774,781	2,022,628
	<hr/> <hr/>		

Net Debt, \$2,022,628 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$464,020,424 equals .44%.

**Equalized Valuation Basis:**

2011	\$438,009,994
2010	457,799,019
2009	496,252,258
	<hr/>
Average	\$464,020,424
	<hr/> <hr/>

**Borrowing Power Under 40A:2-6**

3-1/2% of Equalized Valuation Basis (Municipal)	\$16,240,715
Net debt of municipality	2,022,628
	<hr/>
Remaining Borrowing Power	\$14,218,087
	<hr/> <hr/>

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

**Comparative Statement of Operations and  
Change in Fund Balance - Current Fund**

	YEAR 2011		YEAR 2010	
	AMOUNT	PERCENT	AMOUNT	PERCENT
<b>Revenue and Other Income Realized</b>				
Fund Balance Utilized	\$335,000	3.37%	626,000	6.04%
Miscellaneous - From Other Than Local Property Tax Levies	2,035,398	20.46%	2,047,875	19.76%
Collection of Delinquent Taxes & Tax Title Liens	168,440	1.69%	258,475	2.49%
Collection of Current Tax Levy	7,406,998	74.47%	7,433,685	71.71%
<b>Total Income</b>	<b>9,945,836</b>	<b>100.00%</b>	<b>10,366,035</b>	<b>100.00%</b>
<b>Expenditures</b>				
Budget Expenditures - Municipal Purposes	3,253,250	34.62%	3,279,756	32.64%
County Taxes	1,746,149	18.58%	1,873,081	18.64%
Local and Regional School Taxes	4,152,538	44.19%	4,578,999	45.58%
Municipal Open Space Taxes	215,570	2.29%	212,603	2.12%
Other Expenditures	29,418	0.31%	102,497	1.02%
<b>Total Expenditures</b>	<b>9,396,925</b>	<b>100.00%</b>	<b>10,046,936</b>	<b>100.00%</b>
Excess in Revenue	548,911		319,099	
Fund Balance January 1	344,692		651,593	
Total	893,603		970,692	
Less: Utilization as Anticipated Revenue	335,000		626,000	
<b>Fund Balance December 31</b>	<b>\$558,603</b>		<b>344,692</b>	

**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.

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2011	\$7,659,117	7,440,241	97.14%
2010	7,607,625	7,433,685	97.71%
2009	7,884,085	7,572,199	96.04%

**Comparison of Tax Rate Information**

	*		
	2011	2010	2009
Total Tax Rate	<u>\$1.776</u>	<u>\$3.220</u>	<u>\$3.305</u>
Apportionment of Tax Rate:			
Municipal	0.223	0.367	0.316
Municipal Open Space	0.050	0.090	0.090
County	0.363	0.710	0.802
County Open Space Preservation Trust Fund	0.043	0.084	0.095
Local School	0.494	0.863	0.823
Regional School	0.603	1.106	1.179

\*Revaluation Completed in 2011.

**Net Valuation Taxable:**

2011	<u>\$428,453,160</u>	
2010		<u>\$235,140,796</u>
2009		<u>\$237,185,346</u>

**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 ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2011	\$36,858	166,683	203,541	2.66%
2010	29,458	171,920	201,378	2.65%
2009	25,456	266,640	292,096	3.70%

**Property Acquired by Tax  
Title Lien Liquidation**

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

Year	Amount
2011	\$3,410
2010	3,410
2009	3,410
2008	3,410
2007	3,410

**Comparative Schedule of Fund Balance**

Current Fund	December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2011	\$558,603	336,000	60.15%
2010	344,692	335,000	97.19%
2009	651,593	626,000	96.07%
2008	671,525	510,000	75.95%
2007	840,266	620,000	73.79%
2006	1,066,019	649,450	60.92%
2005	436,242	247,550	56.75%
2004	630,210	607,500	96.40%

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2011:

<b>NAME</b>	<b>TITLE</b>	<b>AMOUNT OF BOND</b>	<b>NAME OF CORPORATE SURETY</b>
William Tilton	Mayor	\$ 15,000.00	A
James Durr	Deputy Mayor	\$ 15,000.00	A
Deborah Butler	Committeewoman	\$ 15,000.00	A
Michael Moscatiello	Committeeman	\$ 15,000.00	A
Louis DeLorenzo	Committeeman	\$ 15,000.00	A
Amy Antonides	Township Clerk, Registrar of Vital Statistics & Improvement Search Clerk, Deputy Tax Collector	\$ 20,000.00	A
John A. Bruno, Jr	Treasurer & Chief Financial Officer	\$ 85,000.00	A
Maryalice Picariello	Tax Collector	\$100,000.00	A
Mary Siobhan Brennan	Judge of Municipal Court	\$ 15,000.00	A
Carol Rossell	Court Administrator	\$ 15,000.00	A
Susan Willever	Deputy Court Administrator	\$ 15,000.00	A
Carol Beismann	Deputy Court Administrator	\$ 15,000.00	A
Mark Keubler	Police Chief	\$ 15,000.00	A
Donald Kosul	Tax Assessor	\$ 15,000.00	A
Remington Vernick & Arango	Engineer		
Mark Roselli, Esq.	Solicitor		

(A) Selective Insurance Company

All of the Bonds were examined and were properly executed.





**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Certified Public Accountants & Consultants

To the Honorable Mayor and  
Members of the Township Committee  
Township of North Hanover  
North Hanover, New Jersey 08060

We have audited the financial statements and transactions of the Township of North Hanover in the County of Burlington for the year ended December 31, 2011. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### GENERAL COMMENTS

#### *Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)*

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

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum 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 resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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.

#### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "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 provision of (*N.J.S.A.40A:11-6.1*).

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

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

**Collection of Interest on Delinquent Taxes (continued):**

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“**BE IT RESOLVED** by the Township Committee of the Township of North Hanover, County of Burlington, State of New Jersey, the rate of interest charged on delinquent taxes or assessments on any installment made ten (10) days after the date upon which the same became payable, shall not exceed eight (8) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).

**BE IT FURTHER RESOLVED**, that where interest on delinquent tax payments is one dollar (\$1.00) or less, payment and collection of said interest is hereby waived.”

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

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2011 included 2011, 2010 real estate taxes.

There was a tax sale held on October 21, 2011 and was complete.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2011	8
2010	6
2009	6

**Deductions From Taxes**

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

**Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The following deficiencies were noted in the current year audit:

## **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 Municipal Court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

## **Internal Control**

### **\*Finding 2011-01:**

As disclosed in our internal control report the following conditions were found to be reportable weaknesses in the internal control structure of the Township, which were not mitigated by management oversight:

- a. The Township is not observing proper internal control procedures for the purchasing cycle. Ten of the sixty vouchers selected for internal control testing lacked the signatures or support that are required for the purchase order approval process.

### **Recommendation:**

That the Township evaluate the internal control structure deficiencies reported and implement procedures to strengthen the controls where deemed appropriate.

### **Management's Response:**

This will be corrected in 2012.

## **Fixed Assets**

### **\*Finding 2011-02:**

An analysis of fixed assets, additions and deletions, is not being maintained and updated on a yearly basis as required by Technical Accounting Directive 85-2.

### **Recommendation:**

That an analysis of fixed assets be maintained and updated on a yearly basis.

### **Management's Response:**

This will be corrected in 2012.

### **\*Prior Year Findings**

### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year findings. The previous year's audit findings have been corrected with the exception of the ones marked above with an asterisk (\*).

### **Acknowledgment**

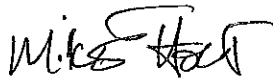
We received the complete cooperation of all the staff of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

The problems and weaknesses noted in our review were of such magnitude that they did affect our ability to express an unqualified opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
No. CR473

Medford Office  
February 17, 2012