

TOWNSHIP OF NORTH HANOVER

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2012**



**TOWNSHIP OF NORTH HANOVER
COUNTY OF BURLINGTON**

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**TOWNSHIP OF NORTH HANOVER
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**





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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2012 and 2011, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related comparative statement of revenues--regulatory basis, statement of expenditures--regulatory basis and comparative statement of general fixed assets group of accounts and the related notes to the financial statements for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and 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. 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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, County of Burlington, State of New Jersey, as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

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, County of Burlington, State of New Jersey, as of December 31, 2012 and 2011, 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, 2012 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.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. 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 and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of the Township of North Hanover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of North Hanover's internal control over financial reporting and compliance.

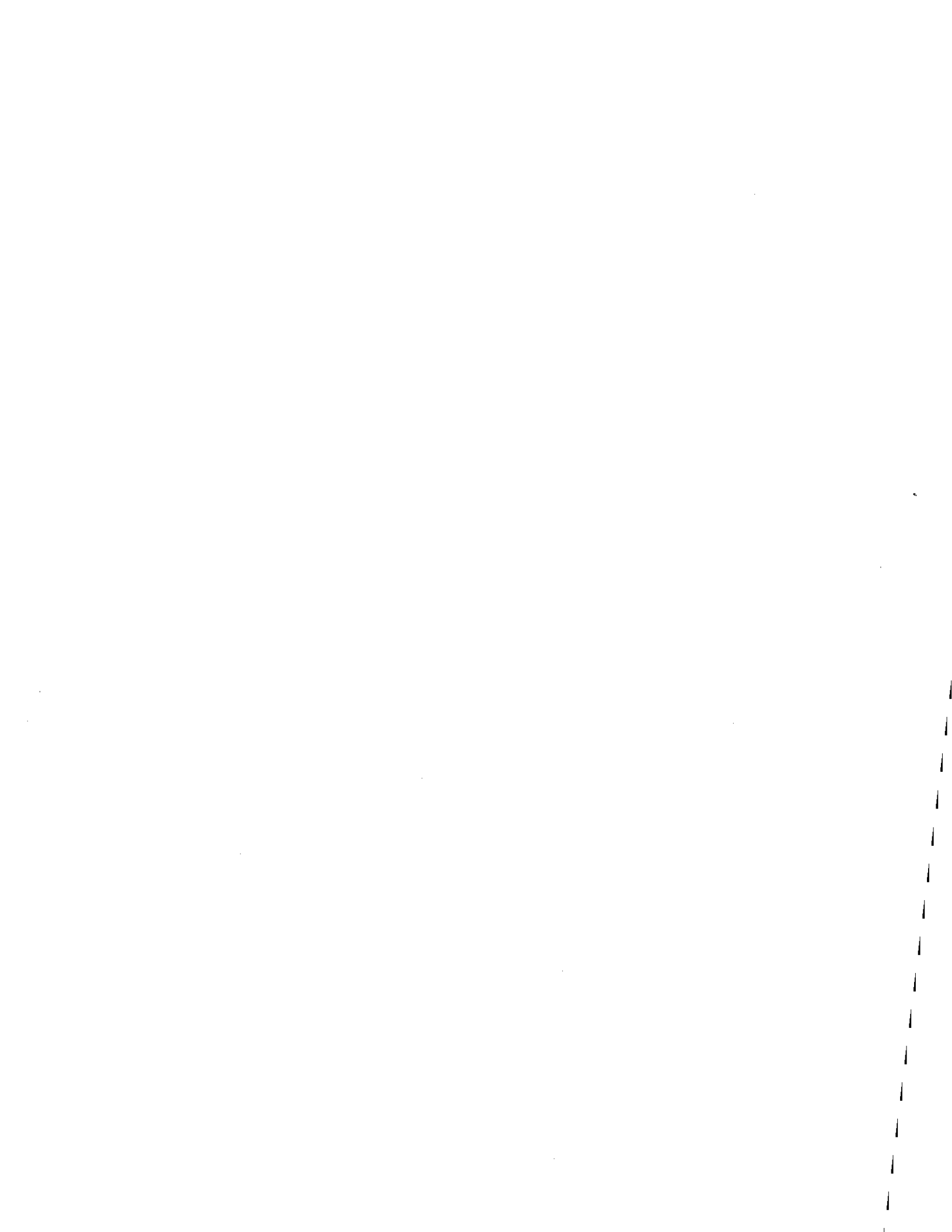
Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.
Certified Public Accountants & Consultants



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
No. CR473

Medford Office
June 14, 2013





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of North Hanover (herein referred to as “the Municipality”), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 14, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 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: 2012-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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 one instance 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, and which is described in the General Comments Section as Finding No: 2012-01.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.
Certified Public Accountants & Consultants



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
No. CR473

Medford Office
June 14, 2013

BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Regular Fund:			
Cash - Treasurer	A-4	\$ 885,318	\$ 815,923
Change Funds	A-6	455	455
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	549	64
Total		886,322	816,442
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	218,598	166,683
Tax Title Liens Receivable	A-9	54,258	36,858
Property Acquired for Taxes - (Assessed Valuation)	A	3,410	3,410
Revenue Accounts Receivable	A-10	136,396	95,222
Due from Chesterfield Court	A		8,003
Due from State & Federal Grant Fund	A	14,866	20,678
Due from Trust Other Fund	B	42,651	43,434
Due from General Capital Fund	C		94,196
Total Receivable & Other Assets With Full Reserves		470,179	468,484
Deferred Charges To Future Taxation:			
Special Emergency Authorizations	A	46,800	70,200
Total		46,800	70,200
Total Regular Fund		1,403,301	1,355,126
Federal & State Grant Fund:			
Due from Trust Other Fund	B	6,541	6,541
Federal & State Grants Receivable	A-19	596,990	709,780
Total Federal & State Grants		603,531	716,321
		\$ 2,006,832	\$ 2,071,447

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, 2012 AND 2011**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2012	2011
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 64,422	\$ 27,750
Accounts Payable	A	4,925	
Reserve for Encumbrances	A-3	60,505	12,714
Prepaid Taxes	A-12	84,906	64,120
Tax Overpayments	A-13	2,549	6,800
Due County for Added & Omitted Taxes	A-15	4,422	11,627
Regional School Tax Payable	A-17	71,857	
Municipal Open Space Tax Payable	A-18, B	736	736
Reserve for Sale of Municipal Assets	A		17,133
Special Emergency Note Payable	A	46,800	70,200
Reserve for Preparation of Master Plan	A	810	810
Reserve for Revaluation	A	11,211	11,211
Reserve for Tax Appeals	A	6,000	99,243
Reserve for Summer Recreation Flooring	A	7,000	
Due to Trust - Outside Police	B	4,846	4,846
Due to Animal Control Trust	B	849	849
Due to Bank	A	25	
Total Liabilities		<u>371,863</u>	<u>328,039</u>
Reserve for Receivables & Other Assets	A	470,179	468,484
Fund Balance	A-1	<u>561,259</u>	<u>558,603</u>
Total Regular Fund		<u>1,403,301</u>	<u>1,355,126</u>
State & Federal Grants:			
Due to Current Fund	A	14,866	20,678
Encumbrance Payable	A-21	26,014	364,601
Reserve for Federal & State Grants:			
Unappropriated	A-20	39,824	19,551
Appropriated	A-21	<u>522,827</u>	<u>311,491</u>
Total State & Federal Grants		<u>603,531</u>	<u>716,321</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 2,006,832</u>	<u>\$ 2,071,447</u>

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, 2012 AND 2011**

	2012	2011
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 336,000	\$ 335,000
Miscellaneous Revenue Anticipated	1,969,554	1,919,232
Receipts From Delinquent Taxes	160,562	168,440
Receipts from Current Taxes	7,395,314	7,406,998
Nonbudget Revenues	157,085	39,052
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	13,055	77,114
Interfunds Liquidated	4,994	
	<hr/>	<hr/>
Total Income	10,036,564	9,945,836
	<hr/>	<hr/>
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,094,710	1,087,103
Other Expenses	1,010,654	1,017,678
Deferred Charges & Statutory Expenditures - Municipal	252,263	285,867
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	152,234	147,745
Other Expenses	329,373	294,699
Municipal Debt Service	324,553	308,958
Capital Improvements	10,000	17,000
Deferred Charges & Statutory Expenditures - Municipal	29,400	94,200
County Taxes	1,658,935	1,734,522
Due County for Added and Omitted Taxes	4,422	11,627
Local District School Taxes	2,159,424	1,755,598
Regional School Taxes	2,457,010	2,396,940
Municipal Open Space Tax	214,930	215,570
Creation of Other Receivable		400
Interfunds - Advanced		29,018
	<hr/>	<hr/>
Total Expenditures	9,697,908	9,396,925
	<hr/>	<hr/>
Excess in Revenue	338,656	548,911
	<hr/>	<hr/>
Fund Balance January 1	558,603	344,692
	<hr/>	<hr/>
Total	897,259	893,603
Decreased by:		
Utilized as Anticipated Revenue	336,000	335,000
	<hr/>	<hr/>
Fund Balance December 31	<u>\$ 561,259</u>	<u>\$ 558,603</u>

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, 2012**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 336,000		\$ 336,000	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,450		4,452	\$ 2
Other	24,000		15,210	(8,790)
Fees & Permits	200,000		192,669	(7,331)
Fines & Costs:				
Municipal Court	100,000		122,387	22,387
Interest on Costs & Taxes	41,000		41,627	627
Interest on Investments & Deposits	5,000		966	(4,034)
Summer Recreation Program - North Hanover				
Board of Education	15,000		15,000	
Communication Leases - Cable/Tower	53,000		54,779	1,779
Energy Tax Receipts	765,714		765,714	
Uniform Construction Code Fees	60,000		107,660	47,660
Wrightstown Court Fees	10,000		8,107	(1,893)
Transfer of Reserves from Municipal Open				
Space Trust for Debt Service	127,482		127,482	
Interlocal Service Agreement:				
Chesterfield Court Fees	75,000		82,480	7,480
Reserve for Sale of Municipal Assets	17,133		17,133	
Interfunds Receivable	94,196		94,196	
Solar Renewable Energy Credits	5,000		1,692	(3,308)
School Resource Officer - BOE Reimbursement	22,800		38,000	15,200
Public & Private Revenues Offset with Appropriations:				
Safe & Secure Communities Program	30,000		30,000	
Burlington County Park Grant - Phase II		\$ 250,000	250,000	
Total Revenues	<u>1,649,775</u>	<u>250,000</u>	<u>1,969,554</u>	<u>69,779</u>
Receipts from Delinquent Taxes	170,000		160,562	(9,438)
Amount to be Raised by Taxes for Support of Municipal				
Budget - Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	978,311		849,246	(129,065)
Budget Totals	3,134,086	250,000	3,315,362	(68,724)
Nonbudget Revenues			157,085	157,085
Total	<u>\$3,134,086</u>	<u>\$ 250,000</u>	<u>\$3,472,447</u>	<u>\$ 88,361</u>

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, 2012**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 7,395,314
Allocated to School, County & Local Open Space Taxes	<u>6,726,400</u>
Balance of Support of Municipal Budget Appropriations	668,914
Add: Appropriation "Reserve for Uncollected Taxes"	<u>180,332</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 849,246</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 160,562</u>
Fees & Permits - Other:	
Clerk	<u>\$ 192,669</u>
Total	<u>\$ 192,669</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 14,221
Sale of Township Property	110,000
Inspection of Motor Vehicles	3,249
Administrative Fee for Senior Citizens & Veterans	955
Snowstorm - Hurrigan Irene	15,912
Cable Franchise Fee	8,500
Outside Police	3,025
Hotel/Motel Licenses	<u>1,223</u>
Total	<u>\$ 157,085</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
GENERAL GOVERNMENT:					
Mayor & Township Committee:					
Salaries and Wages	\$ 26,500	\$ 27,150	\$ 27,140	\$ 10	
Other Expenses	3,960	2,160	2,047	113	
Municipal Clerk:					
Salaries and Wages	51,318	49,292	48,921	371	
Other Expenses	6,155	6,155	6,141	14	
Financial Administration:					
Salaries and Wages	53,780	53,781	53,780	1	
Other Expenses	12,755	12,755	12,710	45	
Audit Services:					
Other Expenses	36,000	36,000	36,000	-	
Collection of Taxes:					
Salaries and Wages	16,555	16,605	16,587	18	
Other Expenses	7,700	8,150	8,126	24	
Assessment of Taxes:					
Salaries and Wages	22,945	22,945	22,944	1	
Other Expenses	2,605	4,130	4,109	21	
Legal Services & Costs:					
Other Expenses	35,000	23,150	20,201	2,949	
Engineering Services & Costs:					
Other Expenses	6,500	11,500	10,752	748	
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning & Zoning Board:					
Salaries and Wages	687	687	364	323	
Other Expenses	3,450	3,450	1,628	1,822	
Zoning Officer:					
Other Expenses	75	175	159	16	
Mobile Home Inspector:					
Other Expenses	100	200	188	12	
INSURANCE:					
Other Insurance Premiums	44,500	44,500	44,466	34	
Worker's Compensation Insurance	98,879	98,879	98,879	-	
Group Insurance Plan for Employees	207,579	231,629	224,932	6,697	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	658,679	696,679	693,063	3,616	
Other Expenses	70,900	50,900	49,635	1,265	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
OPERATIONS - WITHIN "CAPS"					
Emergency Management Service:					
Other Expenses	1,000	1,000	510	490	
Aid to Volunteer Fire Company:					
Jacobstown Volunteer Fire Company	51,100	61,100	61,097	3	
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	2,512	38	
Other Expenses	6,700	6,700	6,309	391	
PUBLIC WORKS FUNCTIONS					
Public Works:					
Salaries and Wages	100	100		100	
Other Expenses	121,300	105,300	105,089	211	
Sanitation:					
Waste Facility:					
Salaries and Wages	28,560	27,060	26,891	169	
Other Expenses	29,400	28,100	23,141	4,959	
Recycling:					
Salaries and Wages	2,500	-		-	
Other Expenses	100	100		100	
Public Buildings & Grounds:					
Salaries and Wages	18,360	15,360	14,749	611	
Other Expenses	39,800	24,800	23,999	801	
Vehicle Maintenance:					
Other Expense	15,500	20,500	18,373	2,127	
HEALTH & HUMAN SERVICES					
Board of Health:					
Other Expenses	450	450		450	
Dog Regulation:					
Salaries and Wages	250	250		250	
Other Expenses	1,000	1,400	1,374	26	
PARKS & RECREATION FUNCTIONS:					
Parks & Playgrounds:					
Salaries and Wages	27,500	27,500	27,500	-	
Other Expenses	36,021	29,021	28,687	334	
Celebration of Public Events:					
Other Expenses	8,600	8,600	2,490	6,110	
UTILITY EXPENSES & BULK PURCHASES:					
Electricity	30,400	21,900	21,900	-	
Street Lighting	27,000	27,000	26,394	606	
Telephone	12,100	12,350	12,339	11	
Gas	6,700	9,200	8,865	335	
Fuel Oil	1,500			-	
Gasoline	61,000	56,000	45,706	10,294	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Municipal Court:					
Salaries and Wages	63,164	72,664	71,868	796	
Other Expenses	8,400	8,400	7,799	601	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Landfill Tipping Fees					
Other Expenses	50,000	48,000	39,445	8,555	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):					
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	84,087	82,087	81,804	283	
Other Expenses	1,650	2,000	1,996	4	
Total Operations Within "CAPS"	2,108,364	2,105,364	2,048,609	56,755	
Detail:					
Salaries and Wages	1,057,485	1,094,710	1,088,123	6,587	
Other Expenses	1,050,879	1,010,654	960,486	50,168	
DEFERRED CHARGES & STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	43,325	43,325	43,325	-	
Social Security System (O.A.S.I)	86,626	86,626	85,624	1,002	
Police & Fireman's Retirement System	112,912	112,912	112,912	-	
Unemployment Compensation Insurance	8,400	8,400	6,833	1,567	
Defined Contribution Retirement Program	1,000	1,000	657	343	
Total Statutory Expenditures	252,263	252,263	249,351	2,912	
Total General Appropriations Within "CAPS"	2,360,627	2,357,627	2,297,960	59,667	
OPERATIONS EXCLUDED FROM "CAPS":					
Public Assistance	100	100		100	
Group Insurance Plan for Employees	17,421	17,421	17,421		
Recycling Tax Appropriations:					
Recycling Tax	2,600	4,600	4,600	-	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:					
Municipal Court:					
Salaries and Wages	84,089	86,989	86,916	73	
Other Expenses	13,350	10,450	6,537	3,913	
Statutory Expenditures:					
Social Security System (O.A.S.I)	7,500	7,500	7,500	-	
Contributions to Employees Retirement System	4,902	4,902	4,902	-	
Unemployment Compensation Insurance	600	600		600	
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, 2012**

OPERATIONS - EXCLUDED FROM "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Municipal Prosecutor:					
Other Expenses	12,800	13,800	13,731	69	
PUBLIC & PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:					
Burlington County Municipal Park Development Grant		250,000	250,000	-	
Safe & Secure Communities Program:					
State Share	30,000	30,000	30,000	-	
Township Share	35,245	35,245	35,245	-	
Total Operations	228,607	481,607	476,852	4,755	
Total Operations Including Contingent	228,607	481,607	476,852	4,755	
Detail:					
Salaries and Wages	149,334	152,234	152,161	73	
Other Expenses	79,273	329,373	324,691	4,682	
Capital Improvements:					
Capital Improvement Fund	10,000	10,000	10,000	-	
Total Capital Improvements	10,000	10,000	10,000	-	
Municipal Debt Service:					
Payment of Bond Principal	135,000	135,000	135,000	-	
Payment of Bond Anticipation & Capital Notes	111,487	111,487	111,487	-	
Interest on Bonds	62,000	62,000	61,490	-	510
Interest on Notes	14,000	14,000	13,951	-	49
Special Emergency Notes:					
Interest	2,633	2,633	2,625	-	8
Total Municipal Debt Service	325,120	325,120	324,553	-	567

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - EXCLUDED FROM "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
DEFERRED CHARGES & STATUTORY EXPENDITURES					
MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations -					
5 Years	23,400	23,400	23,400		
Reserve for Tax Appeals	6,000	6,000	6,000		
Total Deferred Charges & Statutory Expenditures	29,400	29,400	29,400		
Subtotal General Appropriations	2,953,754	3,203,754	3,138,765	64,422	567
Reserve for Uncollected Taxes	180,332	180,332	180,332		
Total General Appropriations	<u>\$ 3,134,086</u>	<u>\$ 3,384,086</u>	<u>\$ 3,319,097</u>	<u>\$ 64,422</u>	<u>\$ 567</u>
 Budget		\$ 3,134,086			
Chapter 159		250,000			
 Total		<u>\$ 3,384,086</u>			
 Reserve for State & Federal Grants Appropriated			\$ 315,245		
Deferred Charges			29,400		
Encumbrances Payable			60,505		
Reserve for Uncollected Taxes			180,332		
Disbursed			2,733,615		
 Total			<u>\$ 3,319,097</u>		

**TOWNSHIP OF NORTH HANOVER
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Animal Control Trust Fund:			
Cash	B-1	\$ 1,870	\$ 549
Due from Current Fund	A	849	849
Total Animal Control Trust Fund		<u>2,719</u>	<u>1,398</u>
Other Funds:			
Cash - Treasurer	B-1	1,065,133	947,066
Cash - Collector	B-2	113,382	22,400
Due from Bank	B	235	235
Due from Municipal Court	B	7,579	7,579
Due from Current Fund - Outside Police	A	4,846	4,846
Municipal Open Space Receivable	B-5,A	736	736
Total Other Funds		<u>1,191,911</u>	<u>982,862</u>
Total Assets		<u>\$ 1,194,630</u>	<u>\$ 984,260</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 2,714	\$ 1,393
Due to State	B	5	5
Total Animal Control Trust Fund		<u>2,719</u>	<u>1,398</u>
Other Funds:			
Due to Current Fund	B-3,A	42,651	43,434
Due to State & Federal Grant Fund	A	6,541	6,541
Reserve for Escrow Deposits	B-6	116,569	68,793
Reserve for Affordable Housing	B-7	165,403	167,210
Reserve for Payroll Deductions	B-8	16,853	36,903
Reserve for Recreation	B-9	81,747	81,387
Reserve for Public Defender Fee	B-11	1,420	
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	28,500	22,400
Reserve for Tax Title Liens	B	84,882	
Reserve for Ambulance Fund Contributions	B-12	465	465
Reserve for Municipal Open Space	B-5	627,872	540,030
Reserve for Outside Police	B	6,875	2,029
Reserve for County Fair	B-10	5,553	6,885
Reserve for POAA	B	26	26
Reserve for Program Income - Municipal Alliance	B	1,623	1,623
Reserve for Senior Citizen Donation	B		205
Reserve for Unallocated Receipts	B	1,025	1,025
Reserve for Police	B-15	950	950
Total Other Funds		<u>1,191,911</u>	<u>982,862</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,194,630</u>	<u>\$ 984,260</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, 2012 AND 2011

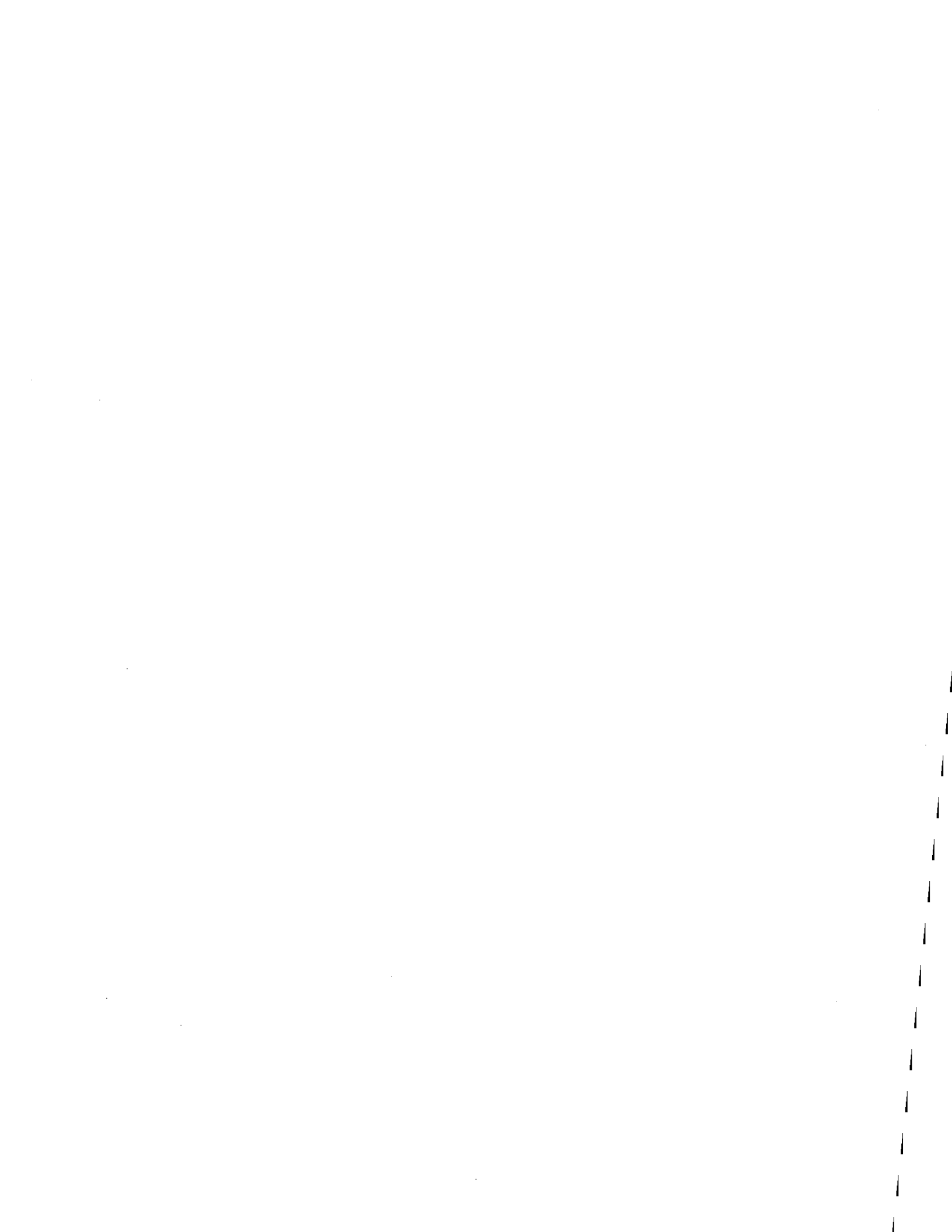
ASSETS	REFERENCE	2012	2011
Cash	C-1	\$ 247,809	\$ 304,089
Accounts Receivable	C-2	2,306	2,306
DOT Grant Receivable	C-2	77,750	
Deferred Charges to Future Taxation - Funded	C-3	1,115,000	1,250,000
Deferred Charges to Future Taxation - Unfunded	C-4	761,161	772,898
		<hr/>	<hr/>
Total Assets		<u>\$ 2,204,026</u>	<u>\$ 2,329,293</u>
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-8	\$ 1,115,000	\$ 1,250,000
Bond Anticipation Notes	C-7	728,341	559,578
Capital Improvement Fund	C-6	10,661	5,911
Due To Current Fund	C-2,A		94,196
Improvement Authorizations:			
Funded	C-5	237,526	51,809
Unfunded	C-5	61,316	317,092
Reserve for:			
Capital Surplus	C-2	592	567
Encumbrances	C-2	450	
Premiums on Notes Issued	C-2	270	270
Fire Equipment	C-2	49,370	49,370
Acquisition of Land	C-2	500	500
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		<u>\$ 2,204,026</u>	<u>\$ 2,329,293</u>

There were bonds and notes authorized but not issued on December 31, 2012 of \$32,820 and on December 31, 2011 was \$213,320.

**TOWNSHIP OF NORTH HANOVER
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Land & Buildings	\$ 1,944,452	\$ 1,944,452
Buildings	1,017,099	1,017,099
Vehicles	1,695,402	1,620,402
Machinery & Equipment	<u>873,837</u>	<u>853,837</u>
Total	<u>\$ 5,530,790</u>	<u>\$ 5,435,790</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 5,530,790</u>	<u>\$ 5,435,790</u>

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, 2012**

TOWNSHIP OF NORTH HANOVER
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

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 (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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 10th 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 (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2011 and decreased by the amount deferred at December 31, 2012.

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 10th 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 10th of the current year and due to be paid to the County by February 15th 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 (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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.

Subsequent Events - The Township of North Hanover has evaluated subsequent events occurring after December 31, 2012 through the date of June 14, 2013, which is the date the financial statements were available to be issued.

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, 2012, and reported at fair value are as follows:

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 2. Cash and Cash Equivalents (continued):

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$2,313,512</u>
Total Deposits	<u>\$2,313,512</u>

Type	Carrying Value
Reconciliation to Governmental Fund Statements:	
Current Fund	\$ 885,318
Trust Funds	1,178,515
Animal Control Fund	1,870
Capital Funds	<u>247,809</u>
Total	<u>\$2,313,512</u>

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, 2012, the Township's bank balance of \$2,341,953 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's Name Under GUDPA (See Note 3)	<u>2,091,953</u>
Total	<u>\$2,341,953</u>

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2012 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

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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.

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.

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

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:

Year	Balance December 31,	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
2012	\$561,259	\$404,200	72.02%
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%

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, 2012:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 57,517	\$ 5,695
State & Federal Grant Fund	6,541	14,866
Trust – Other Funds	4,846	49,192
Animal Control Fund	<u>849</u>	<u>-</u>
Total	<u>\$ 69,753</u>	<u>\$ 69,753</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 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

TOWNSHIP OF NORTH HANOVER

NOTES TO FINANCIAL STATEMENT (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 6. Pension (continued):

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, 2012

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, 2012, 2011 and 2010 were \$48,227, \$64,326 and \$55,298, respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2012, 2011 and 2010

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 6. Pension (continued):

were \$112,912, \$126,841 and \$104,648, respectively, equal to the required contributions for each year.

Note 7. Lease Obligations

At December 31, 2012, 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, 2012
Vehicles	<u>\$17,457</u>

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

Year	Amount
2013	<u>\$17,942</u>
Total	17,942
Less: Amount Representing Interest	<u>(485)</u>
Outstanding Principal	<u>\$17,457</u>

Note 8. Capital Debt

Summary of Debt

Issued	Year 2012	Year 2011	Year 2010
General:			
Bonds & Notes & Loans	\$1,843,341	\$1,809,578	\$1,763,030
Authorize but not issued	<u>32,820</u>	<u>213,320</u>	<u>213,320</u>
Total	<u>\$1,876,161</u>	<u>\$2,022,898</u>	<u>\$1,976,350</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 .423%:

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 8. Capital Debt (continued):

	Gross Debt	Deductions	Net Debt
Regional School Debt	\$ 3,446,073	\$ 3,446,073	
General	<u>1,876,161</u>		<u>\$ 1,876,161</u>
Total	<u>\$ 5,322,234</u>	<u>\$ 3,446,073</u>	<u>\$ 1,876,161</u>

Net Debt \$1,876,161 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$443,896,501 equals .423%.

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

3½% of Equalized Valuation Basis (Municipal)	\$15,536,378
Net Debt	<u>1,876,161</u>
Remaining Borrowing Power	<u>\$13,660,217</u>

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

Year	General		Total
	Principal	Interest	
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	170,000	22,880	192,880
2018-2019	<u>355,000</u>	<u>18,590</u>	<u>373,590</u>
Total	<u>\$1,115,000</u>	<u>\$213,330</u>	<u>\$1,328,330</u>

Bond Anticipation Notes (See Exhibit C-7) – Notes mature May 3, 2013 @ 0.65% & 2.60%.

Balance December 31, 2011			Balance December 31, 2012
<u>\$559,578</u>	Issued	Retired	<u>\$728,341</u>
	<u>\$728,341</u>	<u>\$559,578</u>	

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

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:

	BALANCE DECEMBER	
	2012	2011
Local School Taxes:		
Balance of Tax	\$ -	-
Deferred	<u>1,101,926</u>	<u>\$1,057,457</u>
Tax Payable	<u>\$1,101,926</u>	<u>\$1,057,457</u>
Regional School Taxes:		
Balance of Tax	\$ 71,857	-
Deferred	<u>1,322,382</u>	<u>\$1,134,628</u>
Tax Payable	<u>\$1,394,239</u>	<u>\$1,134,628</u>

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 and 2012 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.

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 12. Municipal Open Space (continued):

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

Municipal Open Space Tax Revenue	\$2,049,299
Interest Earned	39,852
Debt Paid To-Date	(1,181,125)
Paid Fees for Professional Services	(49,891)
Open Space Purchases	<u>(230,263)</u>
Reserve Balance for Municipal Open Space	<u>\$ 627,872</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.*, 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/.

TOWNSHIP OF NORTH HANOVER

**NOTES TO FINANCIAL STATEMENT (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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, 2012 and 2011 were \$224,932 and \$189,830 respectively.

SUPPLEMENTARY EXHIBITS

CURRENT FUND



**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF CURRENT CASH
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>CURRENT</u>	<u>FEDERAL & STATE GRANT FUNDS</u>
Balance December 31, 2011	\$ 815,923	
Increased by Receipts:		
Tax Collector	\$ 7,489,590	
State of New Jersey:		
DCA Fees/Marriage Fees	500	
Due from State of New Jersey - Senior		
Citizens' & Veterans' Deductions	47,765	
Due from Bank	25	
Due from Interfunds	30,000	\$ 29,433
Miscellaneous Revenue Not Anticipate	157,085	
Revenue Accounts Receivable	1,647,927	
Reserve for Summer Rec. Flooring	7,000	
Tax Title Lien Redemption	5,133	
Accounts Payable	4,925	
Unappropriated Grants		20,273
Federal & State Grants Receivable		392,790
	<u>9,389,950</u>	<u>442,496</u>
Total Increases		
	<u>10,205,873</u>	<u>442,496</u>
Decreased by Disbursements:		
2012 Budget Appropriations	2,733,615	
2011 Appropriation Reserves	27,383	
Reserve For Tax Appeals	93,243	
State of New Jersey:		
DCA Fees/Marriage Fees	500	
Tax Overpayments - Refunds	2,156	
County Taxes	1,658,935	
County Share of Added &		
Omitted Taxes	11,627	
Local District School Tax	2,159,424	
Regional School Taxes	2,385,153	
Trust Other Fund - Open Space	214,930	
Interfund - Trust Other	3,875	
Due to Interfunds	29,714	
Reserve for Federal & State Grant		
Funds - Appropriated		442,496
	<u>9,320,555</u>	<u>442,496</u>
Total Disbursements		
Balance December 31, 2012	<u>\$ 885,318</u>	<u>\$ -</u>

**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, 2012**

Balance December 31, 2011		\$	-
Increased by:			
Taxes Receivable	\$	7,403,156	
Interest & Costs on Taxes		1,528	
Prepaid Taxes		84,906	7,489,590
Subtotal			7,489,590
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			7,489,590
Balance December 31, 2012		\$	-

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OFFICE	AMOUNT
Tax Collector	\$ 50
Municipal Court	300
Township Clerk	105
Total	\$ 455

**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, 2012**

Balance December 31, 2011	\$ 64
Increased by:	
2012 Senior Citizen & Veteran Deductions per Tax Billing	<u>48,250</u>
Subtotal	48,314
Decreased by:	
Collections	<u>47,765</u>
Balance December 31, 2012	<u><u>\$ 549</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2012**

YEAR	BALANCE	2012 LEVY	ADDED TAXES	COLLECTIONS		DUE FROM	CANCELLED	OVERPAYMENT APPLIED	TRANSFER	BALANCE
	DECEMBER 31, 2011			2011	2012	STATE OF NEW JERSEY			TO TAX TITLE LIENS	DECEMBER 31 2012
2011	\$ 166,683			\$ 120,212	\$	(250)	\$ 36,984		\$ 9,036	\$ 701
Total	166,683			120,212		(250)	36,984		9,036	701
2012		\$ 7,603,169	\$ 21,924	\$ 64,120	7,282,944	48,250			11,882	217,897
Balance	\$ 166,683	\$ 7,603,169	\$ 21,924	\$ 64,120	\$ 7,403,156	\$ 48,000	\$ 36,984	\$ -	\$ 20,918	\$ 218,598

ANALYSIS OF 2011 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 7,507,767
Reductions from Tax Appeals	97,593
Added & Omitted Taxes (54:4-63.1 et seq.)	<u>19,733</u>
Total	<u>\$ 7,625,093</u>
Tax Levy:	
Regional School Tax	\$ 2,644,764
Local District School Tax	2,203,893
County Taxes:	
County Tax	\$ 1,351,768
County Library Tax	132,242
Open Space	174,925
Due County:	
Added & Omitted Taxes (R.S. 54.4-63.1 et seq.)	<u>4,422</u>
Total Taxes	<u>1,663,357</u>
Local Tax for Municipal Purpose	978,311
Local Open Space Tax	214,386
Less: Reductions from Tax Appeals	(97,593)
Add: Additional Tax Levied	<u>17,975</u>
Local Tax for Municipal Purposes Levied	<u>1,113,079</u>
Total	<u>\$ 7,625,093</u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	36,858
Increased by:		
Interest & Costs on Taxes		1,528
Transfer from Taxes Receivable		20,918
		59,304
Decreased by:		
Adjustments		53
Liens Redeemed		4,993
		4,993
Balance December 31, 2012	\$	54,258

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2012
Licenses:				
Alcoholic Beverages		\$ 4,452	\$ 4,452	
Other		15,210	15,210	
Fees & Permits		192,669	192,669	
Auction Proceeds - Sale of Various				
Fixed Assets		17,133	17,133	
Solar Renewable Energy Credits		1,692	1,692	
Interfunds Receivable		94,196	94,196	
School Resource Officer - BOE				
Reimbursement		38,000	38,000	
State of New Jersey:				
Energy Receipt Taxes		765,714	765,714	
Consolidated Municipal Property Tax Relief Aid				
Transfer From Open Space for				
Payment of Debt Service		127,482	127,482	
Interlocal Service Agreement:				
Chesterfield Court Fees	\$ 61,418	134,699	82,480	\$ 113,637
Cablevision Lease/Tower Rental		54,779	54,779	
Summer Recreation Program - Board of				
Education		15,000	15,000	
Interest on Investments		966	966	
Wrightstown Municipal Court				
Contribution	25,142	(13,842)		11,300
Construction Code Official:				
Fees & Permits		107,660	107,660	
Municipal Court:				
Fines & Costs	8,219	125,214	122,387	11,046
Wrightstown Municipal Court:				
Fines & Costs	443	8,077	8,107	413
Total	\$ 95,222	\$ 1,689,101	\$ 1,647,927	\$ 136,396
			\$ 1,647,927	
			\$ 1,647,927	

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31 2011	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
Salary & Wages:				
Construction Official	\$ 71	\$ 421	\$ 413	\$ 8
Police	\$123	123	1,588	(1,465)
Parks & Playgrounds	\$400	400	400	
Other Expenses:				
Municipal Clerk	898	898	298	600
Financial Administration	1,229	1,279	1,255	24
Collection of Taxes	112	112	78	34
Assessment of Taxes	164	164	150	14
Legal	2,764	2,764	1,565	1,199
Construction Official	349	349	249	100
Planning & Zoning Board	66	66	(35)	101
Police	1,073	1,148	1,038	110
Aid to Volunteer Fire Company	3,961	3,961	3,270	691
Public Works	7,053	2,428	1,383	1,045
Waste Facility	2,388	2,388	1,535	853
Public Buildings & Grounds	1,200	1,200	600	600
Vehicle Maintenance	5,239	5,239	5,177	62
Parks & Playgrounds	750	750	15	735
Celebration of Public Events	367	367	43	324
Telephone	615	615	610	5
Gasoline	5	4,005	3,994	11
Landfill Tipping Fees	5,412	5,412	3,198	2,214
Recycling Tax	181	256	254	2
Municipal Court - North Hanover	584	584	116	468
Municipal Court - Wrightstown	9	84	77	7
Municipal Court - Chesterfield	685	685	138	547
All Other Accounts - No Changes	4,766	4,766		4,766
Total	\$ 40,464	\$ 40,464	\$ 27,409	\$ 13,055

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011 (2012 Taxes)	\$ 64,120
Increased by:	
Collection - 2012 Taxes	<u>84,906</u>
Subtotal	149,026
Decreased by:	
Apply to 2012 Taxes Receivable	<u>64,120</u>
Balance December 31, 2012 (2013 Taxes)	<u><u>\$ 84,906</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 6,800
Increased by:	
Overpayments Created	<u>6,883</u>
Subtotal	13,683
Decreased by:	
Applied to Taxes Receivable	\$ 564
Refunded	<u>10,570</u>
	11,134
Balance December 31, 2012	<u><u>\$ 2,549</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	-
Increased by:			
2012 Levy:			
County Tax	\$	1,351,768	
County Library Tax		132,242	
County Open Space Tax		174,925	1,658,935
			<hr/>
Subtotal			1,658,935
Decreased by:			
Payments			1,658,935
			<hr/>
Balance December 31, 2012		\$	<hr/> <hr/> -

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011			
Added Taxes (2011)	\$	11,627	
Increase by County Share of 2012 Levy:			
Added (R.S. 54:4-63.1 et seq.)		4,422	<hr/>
Subtotal			16,049
Decreased by:			
Payments:			
Added Taxes (2011)		11,627	<hr/>
Balance December 31, 2012:			
Added Taxes (2012)	\$	4,422	<hr/> <hr/>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:		
School Tax Payable		
School Tax Deferred	<u>\$ 1,057,457</u>	\$ 1,057,457
Increased by Local District School's Share of 2012 Levy:		
Levy - School Year July 1, 2012 to June 30, 2013		<u>2,203,893</u>
Subtotal		3,261,350
Decreased by Payments:		
Payments		<u>2,159,424</u>
Balance December 31, 2012:		
School Tax Payable		
School Tax Deferred	<u>1,101,926</u>	<u>1,101,926</u>
Total		<u><u>\$ 1,101,926</u></u>
2012 Liability for Local District School Tax:		
Tax Paid	\$ 2,159,424	
Tax Payable December 31, 2012		<u>-</u>
Subtotal		2,159,424
Less: Tax Payable December 31, 2011		<u>-</u>
Amount Charged to 2012 Operations		<u><u>\$ 2,159,424</u></u>

**TOWNSHIP OF NORTH HANOVER
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:		
School Tax Payable		
School Tax Deferred	\$ 1,134,628	\$ 1,134,628
Increased by Regional School's Share of 2012 Levy:		
Levy - School Year July 1, 2012 to June 30, 2013		<u>2,644,764</u>
Subtotal		3,779,392
Decreased by Payments:		
Payments		<u>2,385,153</u>
Balance December 31, 2012:		
School Tax Payable	\$ 71,857	
School Tax Deferred	<u>1,322,382</u>	
Total		<u>\$ 1,394,239</u>
2012 Liability for Regional School Tax:		
Tax Paid	\$ 2,385,153	
Tax Payable December 31, 2012		<u>71,857</u>
Subtotal		2,457,010
Less: Tax Payable December 31, 2011		<u>-</u>
Amount Charged to 2012 Operations		<u>\$ 2,457,010</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, 2012**

Balance December 31, 2011		\$ 736
Increased by:		
2012 Tax Levy	\$ 214,386	
2012 Added & Omitted Taxes	<u>544</u>	214,930
Subtotal		215,666
Decreased by:		
Disbursement - Trust Other Fund		<u>214,930</u>
Balance December 31, 2012		<u>\$ 736</u>

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES
FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

PROGRAM	BALANCE DECEMBER 31, 2011	ACCRUED	RECEIVED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2012
Federal Grants:					
Body Armor Replacement Fund	\$ 2,544			\$ -	\$ 2,544
Total	<u>2,544</u>				<u>2,544</u>
State Grants:					
Transportation Trust Fund					
Discretionary Aid Program	2,419				2,419
DOT Grant	48,457				48,457
DOT Grant - Stewart Road	200,000		\$ 182,549		17,451
Stop Violence Against Women	777				777
Safe & Secure Communities	32,637	\$ 30,000			62,637
Smart Growth Planning Grant	65,000		50,000		15,000
Municipal Alliance on Alcoholism & Drug Abuse	28,711		4,579		24,132
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					
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 - Phase I	250,000		155,662		94,338
Burlington County Parks Grant - Phase II		250,000			250,000
Polling Place Grant	<u>3,841</u>				<u>3,841</u>
Total State Grants	<u>707,236</u>	<u>280,000</u>	<u>392,790</u>		<u>594,446</u>
Total	<u>\$ 709,780</u>	<u>\$ 280,000</u>	<u>\$ 392,790</u>	<u>\$ -</u>	<u>\$ 596,990</u>
			<u>\$ 392,790</u>		
			<u>\$ 392,790</u>		

**TOWNSHIP OF NORTH HANOVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

PROGRAM	BALANCE DECEMBER 31, 2011	GRANT RECEIPTS	REALIZED AS MISCELLANEOUS REVENUE IN 2011 BUDGET	BALANCE DECEMBER 31, 2012
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	2,549	\$ 1,288		3,837
Recycling Tonnage Grant	3,588	6,792		10,380
Clean Communities Grant	13,297	12,193		25,490
Total State Grants	19,547	20,273		39,820
Total All Grants	\$ 19,551	\$ 20,273	\$ -	\$ 39,824

**TOWNSHIP OF NORTH HANOVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

PROGRAM	BALANCE	PRIOR YEAR	TRANSFERRED		ENCUMBERED	BALANCE
	DECEMBER 31, 2011 APPROPRIATED		ENCUMBERED	FROM 2012 BUDGET		DISBURSED
Federal Grants:						
COPS Universal Program	\$ 11,131					\$ 11,131
Small Cities Block Grant	27					27
Body Armor Replacement Program	1,367			\$ 813		554
Total Federal Grants	12,525	-	-	813	-	11,712
State Grants:						
DOT Grant	64,217					64,217
State Agriculture Development Committ (SADC) Planning Assistance Grant	28,750			19,820		8,930
Burlington County Parks Grant - Phase I	54,555	\$ 184,896		162,492	22,409	54,550
Burlington County Parks Grant - Phase II			\$ 250,000			250,000
Transportation Trust Fund - Stewart Roa	10,105	179,705		183,134		6,676
Municipal Alliance on Alcoholism & Drug Abuse	34,624			389		34,235
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	8,540			803		7,737
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	-		30,000	30,000		-
Polling Place Grant	3,841					3,841
Clean Communities Grant	16,661			1,200	2,400	13,061
Total State Grants	255,035	364,601	280,000	397,838	24,809	476,989
Municipal Share/ Local:						
Safe & Secure Communities Program	34,419		35,245	43,345	1,205	25,114
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555					555
Municipal Alliance on Alcoholism & Drug Abuse	8,957			500		8,457
Total Local Grants	43,931	-	35,245	43,845	1,205	34,126
Total All Grants	\$ 311,491	\$ 364,601	\$ 315,245	\$ 442,496	\$ 26,014	\$ 522,827
Original Appropriations			\$ 65,245			
Chapter 159			250,000			
Cash Disbursements				\$ 442,496		
Total			\$ 315,245	\$ 442,496		

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, 2012**

	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER FUNDS</u>
Balance December 31, 2011	\$ 549	\$ 947,066
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 2,854	
Current Fund		\$ 215,075
Reserve for Escrow Deposits		22,571
Reserve for Affordable Housing		6,394
Reserve for Payroll		1,562,206
Reserve for Recreation		89,913
Reserve for County Fair		5,000
Reserve for Unallocated Receipts		6,213
Reserve for Public Defender Fee		2,974
Reserve for Municipal Open Space		63,986
Total Increase	<u>2,854</u>	<u>1,974,332</u>
Total Receipts	<u>3,403</u>	<u>2,921,398</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	1,533	
Reserve for Escrow Deposits		12,650
Reserve for Affordable Housing		7,150
Reserve for Payroll		1,552,256
Reserve for Public Defender Fee		1,601
Reserve for Recreation		91,731
Reserve for County Fair		5,389
Reserve for Senior Citizen Donation		205
Reserve for Municipal Open Space		185,283
Total Disbursements	<u>1,533</u>	<u>1,856,265</u>
Balance December 31, 2012	<u>\$ 1,870</u>	<u>\$ 1,065,133</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, 2012**

Balance December 31, 2011	\$	22,400
Increased by:		
Interest	\$	24
Reserve for Tax Title Lien Redemption		127,790
		127,814
Subtotal		150,214
Decreased by:		
Refund Lien Redemption		36,808
Interest to Current		24
		36,832
Balance December 31, 2012	\$	113,382
	Tax Premiums	\$ 28,500
	Tax Title Liens	84,882
		\$ 113,382
		\$ 113,382

**TRUST OTHER FUND
SCHEDULE OF DUE FROM/TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	43,434
Increase by:		
Transfer from Payroll		30,000
		73,434
Decreased by:		
Escrow Reconciliation		30,783
		30,783
Balance December 31, 2012	\$	42,651

**TOWNSHIP OF NORTH HANOVER
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	1,393
Increased by:		
Collections:		
Dog License Fees Collected by Clerk		<u>2,854</u>
Subtotal		4,247
Decreased by:		
Expenditures Under R.S.4:19-15.11--Cash		<u>1,533</u>
Balance December 31, 2012	<u>\$</u>	<u>2,714</u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2011	\$ 2,348
2010	<u>2,214</u>
Total	<u>\$ 4,562</u>

**TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR OPEN SPACE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	540,030
Increased by:		
Revenues - Tax Levy from Current Fund	\$	214,930
Interest		<u>394</u>
Subtotal		215,324
Subtotal		755,354
Decreased by:		
Anticipated Revenue Current Fund - Debt Service		<u>127,482</u>
Balance December 31, 2012	<u>\$</u>	<u>627,872</u>

EXHIBIT B-6

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2010	\$ 68,793
Increased by:	
Interest Earned & Escrow Deposits	<u>70,677</u>
Subtotal	139,470
Decreased by:	
Refunds or Payments	<u>22,901</u>
Balance December 31, 2013	<u><u>\$ 116,569</u></u>

EXHIBIT B-7

**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2010	\$ 167,210
Increased by:	
Receipts:	
Affordable Housing Fees	<u>5,343</u>
Subtotal	172,553
Decreased by:	
Disbursement	<u>7,150</u>
Balance December 31, 2013	<u><u>\$ 165,403</u></u>

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR PAYROLL
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 36,903
Increased by:		
Payroll		<u>1,562,206</u>
Subtotal		1,599,109
Decreased by:		
Due to Current Fund	\$ 30,000	
Payroll Expenditures	<u>1,552,256</u>	<u>1,582,256</u>
Balance December 31, 2012		<u><u>\$ 16,853</u></u>

ANALYSIS OF BALANCE

Dental/Health		\$ 6,185
PERS		2,698
PFRS		7,435
401k Retirement		<u>535</u>
Total		<u><u>\$ 16,853</u></u>

**SCHEDULE OF RESERVE FOR RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 81,387
Increased by:		
Receipts		<u>90,273</u>
Subtotal		171,660
Decreased by:		
Disbursements		<u>89,913</u>
Balance December 31, 2012		<u><u>\$ 81,747</u></u>

EXHIBIT B-10

**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR COUNTY FAIR
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 6,885
Increased by:	
Receipts - Interest	<u>5,825</u>
Decreased by:	
Disbursements - Expenditures	<u>7,157</u>
Balance December 31, 2012	<u><u>\$ 5,553</u></u>

EXHIBIT B-11

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	
Increased by:	
Receipts - Fees Collected by Court:	<u>\$ 3,021</u>
Subtotal	3,021
Decreased by:	
Disbursements - Expenditures	<u>1,601</u>
Balance December 31, 2012	<u><u>\$ 1,420</u></u>

EXHIBIT B-12

**SCHEDULE OF RESERVE FOR AMBULANCE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011	<u><u>\$ 465</u></u>
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**TOWNSHIP OF NORTH HANOVER
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR FIRE PREVENTION FINES
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT B-13

Balance December 31, 2012 & 2011

\$ 350

**SCHEDULE OF RESERVE CITIZENS' CONTRIBUTIONS FOR FUTURE MUNICIPAL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT B-14

Balance December 31, 2012 & 2011

\$ 2,606

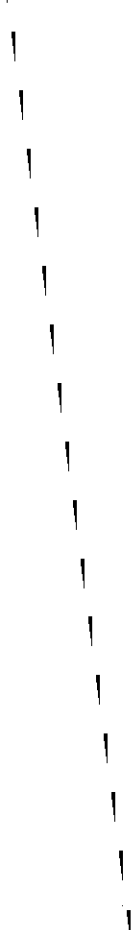
**SCHEDULE OF RESERVE FOR POLICE CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT B-15

Balance December 31, 2012 & 2011

\$ 950

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, 2012**

Balance December 31, 2011		\$ 304,089
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 10,000	
Interest Due Current Fund	93	
Premium on Notes	25	
DOT Grant Receivable	122,250	
Note Proceeds	280,250	412,618
		<hr/>
Subtotal		716,707
Decreased by Disbursements:		
Transfer to Current Fund	94,196	
Improvement Authorizations	374,609	
Interest Due Current Fund	93	468,898
		<hr/>
Balance December 31, 2012		<u>\$ 247,809</u>

TOWNSHIP OF NORTH HANOVER
 GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH
 FOR THE YEAR ENDED DECEMBER 31, 2012

	BALANCE DECEMBER 31, 2011	BOND ANTICIPATION NOTES	RECEIPTS		IMPROVEMENT AUTHORIZATIONS	DISBURSEMENTS		TRANSFERS		BALANCE DECEMBER 31, 2012
			MISCELLANEOUS			MISCELLANEOUS		FROM	TO	
Capital Improvement Fund	\$ 5,911		\$ 10,000				\$ 5,250		\$ 10,661	
ORDINANCE										
NUMBER										
1997-16 Feasibility Study for Improvement to Municipal Building and Replacement of Heating System	1,862									1,862
1999-04 Various Capital Improvements	24,559									24,559
2001-03 Capital Improvements & Purchase Equipment	6,889									6,889
2003-06 Purchase of Public Safety Equipment	4,126									4,126
2003-08 Acquisition of Farms for Farmland Preservation	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)	\$ 190,000		\$ 987						16,344
2009-22 Reconstruction of Schoolhouse Road Phase II	7,938									7,938
2011-05 Acquisition of Certain Real Property	285,000				281,798					3,202
2012-01 Acquisition of a Fire Vehicle & Installation of Equipment		71,250			72,790			\$ 3,750		2,210
2012-06 Acquisition & Installation of a Trash Compactor		19,000			18,951			1,000		1,049
2012-08 Resurfacing of Jacobstown-Armytown Roads					83		450	200,500		199,967
Premiums on Notes Issued - Reserve for Debt Service	270									270
Reserve for Acquisition of Land	500									500
Reserve for Fire Equipment	49,370									49,370
Capital Surplus	567		25							592
Due Current Fund	94,196					\$ 94,196				-
DOT Grant Receivable			122,250				200,000			(77,750)
Reserve for Encumbrance								450		450
Accounts Receivable	(2,306)									(2,306)
Total	\$ 304,089	\$ 280,250	\$ 132,275	\$ 374,609	\$ 94,196	\$ 205,700	\$ 205,700	\$ 247,809		

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 1,250,000
Decreased by:	
2012 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>135,000</u>
Balance December 31, 2012	<u><u>\$ 1,115,000</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE		
						BOND ANTICIPATION NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS	
2003-06	Purchase of Public Safety Equipment	\$ 28,028		\$ 14,012	\$ 14,016	\$ 14,016		
2003-08	Acquisition of Farms for Farmland Preservation	60,800		30,400	30,400	30,400		
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	223,320		40,000	183,320	160,000	\$ 19,214	
2009-21	Acquisition & Installation of Solar Panels	190,000			190,000	190,000	-	
2011-05	Acquisition of Certain Real Property	270,750		27,075	243,675	243,675	-	
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment		\$ 71,250		71,250	71,250	-	
2012-06	Acquisition & Installation of a Trash Compactor		19,000		19,000	19,000	-	
2012-08	Resurfacing of Jacobstown-Arnytown Roads		9,500		9,500	-	9,500	
Total		\$ 772,898	\$ 99,750	\$ 111,487	\$ 761,161	\$ 728,341	\$ 19,214	\$ 13,606

\$ 61,316

Improvement Authorizations Unfunded:

	ORD. NO.		
Unexpended Proceeds of Bond Anticipation Notes	2001-03	\$ 6,889	
Unexpended Proceeds of Bond Anticipation Notes	2003-06	4,126	
Unexpended Proceeds of Bond Anticipation Notes	2003-08	13,890	
Unexpended Proceeds of Bond Anticipation Notes	2009-21	16,344	
Unexpended Proceeds of Bond Anticipation Notes	2011-05	3,202	
Unexpended Proceeds of Bond Anticipation Notes	2012-01	2,210	
Unexpended Proceeds of Bond Anticipation Notes	2012-06	1,049	47,710

\$ 13,606

TOWNSHIP OF NORTH HANOVER
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATION
 FOR THE YEAR ENDED DECEMBER 31, 2012

IMPROVEMENT DESCRIPTION	ORDINANCE		AMOUNT	BALANCE		DOWN	CHARGES TO FUTURE TAXATION- UNFUNDED	NEW JERSEY DEPARTMENT OF TRANSPORTATION	PAID OR CHARGED	BALANCE	
	NUMBER	DATE		DECEMBER 31, 2011	UNFUNDED					DECEMBER 31, 2012	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				\$ 987		16,344
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	14,250	270,750				281,798		3,202
Acquisition of a Fire Vehicle & Installation of Equipment	2012-01	3/1/2012	75,000			\$ 3,750	\$ 71,250		72,790		2,210
Acquisition & Installation of a Trash Compactor	2012-06	7/16/2012	20,000			1,000	19,000		18,951		1,049
Resurfacing of Jacobstown-Arnytown Roads	2012-08	12/6/2012	210,000			500	9,500	\$ 200,000	533	199,967	9,500
			Total	\$ 51,809	\$ 317,092	\$ 5,250	\$ 99,750	\$ 200,000	\$ 375,059	\$ 237,526	\$ 61,316

Encumbrances Payable	\$ 450
Cash Disbursements	<u>374,609</u>
	<u>\$ 375,059</u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 5,911
Increased by:	
Capital Improvement Fund - Current Fund Budget	<u>10,000</u>
Subtotal	15,911
Decreased by:	
Funded Portion of 2012 Improvement Authorizations Issued	<u>5,250</u>
Balance December 31, 2012	<u><u>\$ 10,661</u></u>

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE			BALANCE
						DECEMBER 31, 2011	INCREASE	DECREASE	DECEMBER 31 2012
2003-06	Public Safety Equipment	10/20/2003	12/15/2011 12/15/2012	12/14/2012 5/3/2013	2.5000% 0.6500%	\$ 28,028	\$ 14,016	\$ 28,028	\$ 14,016
2003-08	Acquisition of Farms for Farmland Preservation Program	12/22/2003	12/15/2011 12/15/2012	12/14/2012 5/3/2013	2.5000% 0.6500%	60,800	30,400	60,800	30,400
2006-06	Acquisition of Farms for Farmland Preservation Program/Various Improvements	12/29/2006	12/15/2011 12/15/2012	12/14/2012 5/3/2013	2.5000% 0.6500%	200,000	160,000	200,000	160,000
2011-05	Acquisition of Certain Real Property	12/15/2011	12/15/2011 12/15/2012	12/14/2012 5/3/2013	2.5000% 0.6500%	270,750	243,675	270,750	243,675
2009-21	Acquisition & Installation of Solar Panels	5/3/2012	5/3/2012	5/3/2013	2.6000%		190,000		190,000
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	5/3/2012	5/3/2012	5/3/2013	2.6000%		71,250		71,250
2012-06	Acquisition & Installation of a Trash Compactor	12/15/2012	12/15/2012	5/3/2013	0.6500%		19,000		19,000
Total						\$ 559,578	\$ 728,341	\$ 559,578	\$ 728,341
						Renewals	\$ 448,091	\$ 448,091	
						Issued for Cash	280,250		
						Paid by Budget		114,487	
							\$ 728,341	\$ 562,578	

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

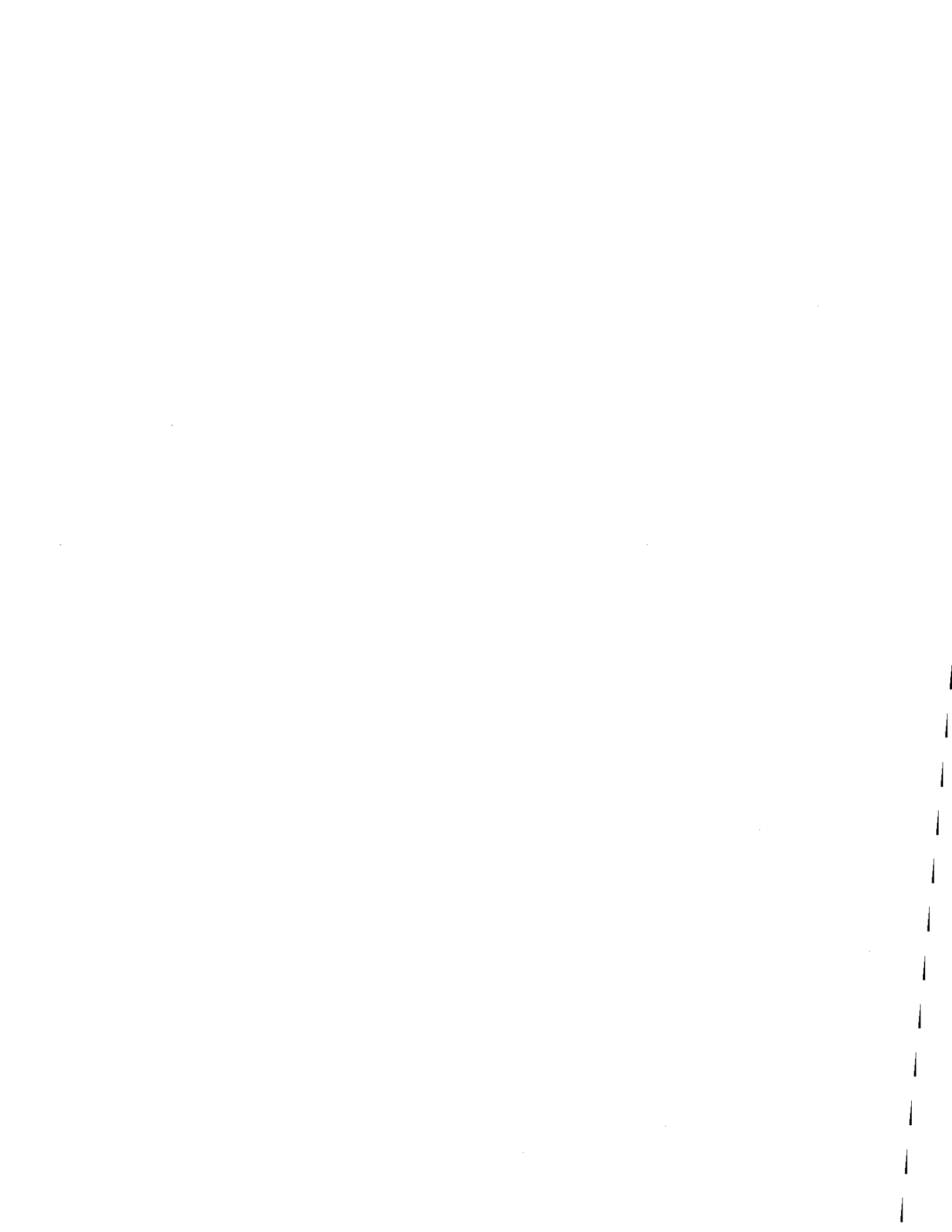
PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2011	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2012
			DECEMBER 31, 2012 DATE	AMOUNT				
General Bonds of 1999	6/15/99	\$ 2,520,000	6/15/13	\$ 140,000	5.20%	\$ 1,250,000	\$ 135,000	\$ 1,115,000
			6/15/14	145,000				
			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						\$ 1,250,000	\$ 135,000	\$ 1,115,000

**TOWNSHIP OF NORTH HANOVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	IMPROVEMENT AUTHORIZATION	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2012
2006-06	Various Capital Improvements	\$ 23,320			\$ 23,320
2009-21	Installation of Solar Panels	190,000		\$ 190,000	-
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment		\$ 71,250	71,250	-
2012-06	Acquisition & Installation of a Trash Compactor		19,000	19,000	-
2012-08	Resurfacing of Jacobstown-Arnytown Roads		9,500		9,500
	Total	<u>\$ 213,320</u>	<u>\$ 99,750</u>	<u>\$ 280,250</u>	<u>\$ 32,820</u>

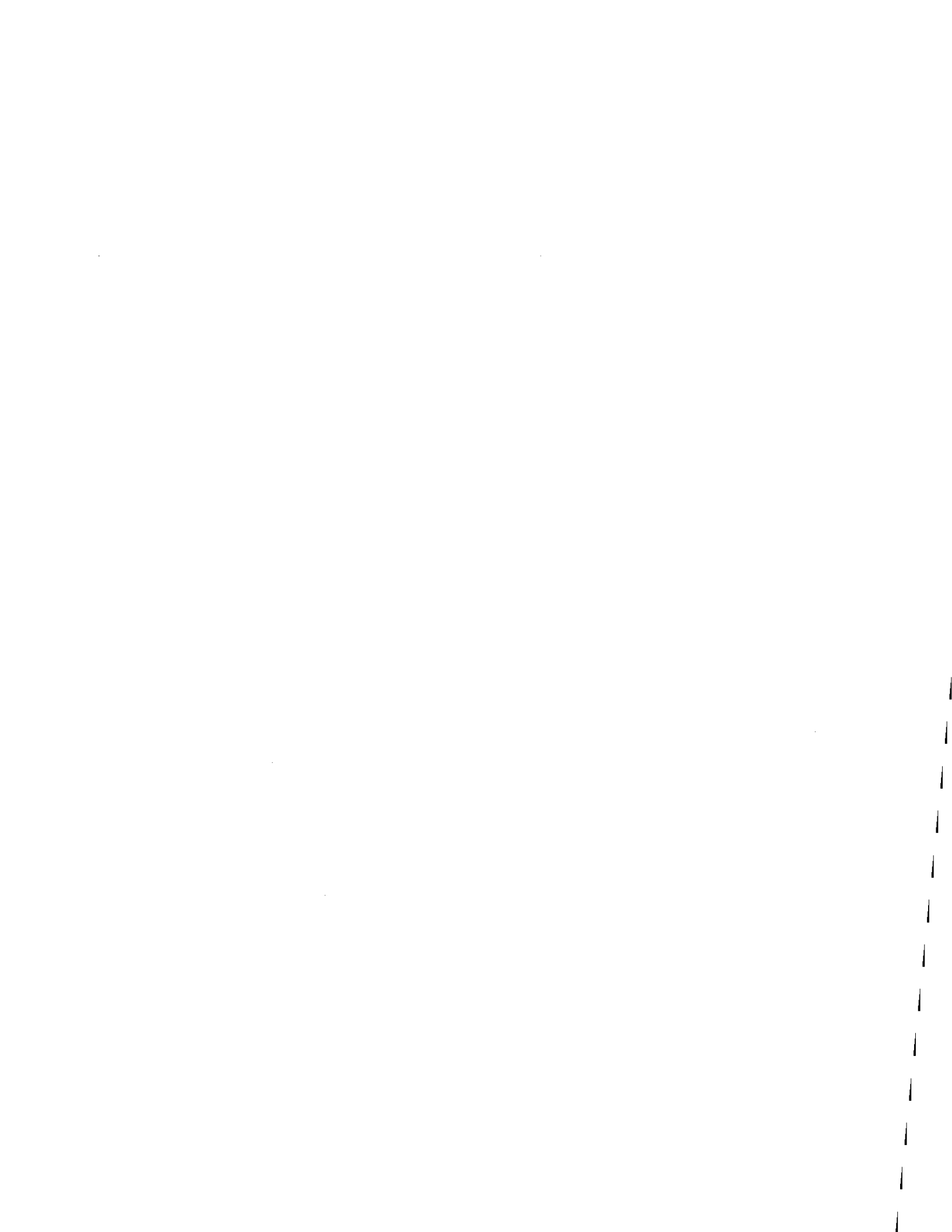


FIXED ASSETS



**TOWNSHIP OF NORTH HANOVER
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
STATEMENT OF GENERAL FIXED ASSET GROUP OF ACCOUNTS
FOR THE YEAR ENDING DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2012
General Fixed Assets:				
Land	\$ 1,944,452		\$ -	\$ 1,944,452
Buildings	1,017,099			1,017,099
Vehicles	1,620,402	\$ 75,000		1,695,402
Machinery & Equipment	853,837	20,000		873,837
	<hr/>			
Total General Fixed Assets	\$ 5,435,790	\$ 95,000	\$ -	\$ 5,530,790
	<hr/>			
Total Investments in General Fixed Assets	\$ 5,435,790	\$ -	\$ -	\$ 5,530,790
	<hr/>			



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 .423%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District	\$ 3,446,073	\$ 3,446,073	
General	1,876,161		\$ 1,876,161
	<hr/>		
Total	\$ 5,322,234	\$ 3,446,073	\$ 1,876,161
	<hr/> <hr/>		

Net Debt, \$1,876,161 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$443,896,501 equals .423%.

Equalized Valuation Basis:

2012	\$ 435,880,491
2011	438,009,994
2010	457,799,019
	<hr/>
Average	\$ 443,896,501
	<hr/> <hr/>

Borrowing Power Under 40A:2-6

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 15,536,378
Net debt of municipality	1,876,161
	<hr/>
Remaining Borrowing Power	\$ 13,660,217
	<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 2012		YEAR 2011	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$ 336,000	3.35%	\$ 335,000	3.37%
Miscellaneous - From Other Than Local Property Tax Levies	2,144,688	21.37%	2,035,398	20.46%
Collection of Delinquent Taxes & Tax Title Liens	160,562	1.60%	168,440	1.69%
Collection of Current Tax Levy	7,395,314	73.68%	7,406,998	74.47%
Total Income	10,036,564	100.00%	9,945,836	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	3,203,187	33.03%	3,253,250	34.62%
County Taxes	1,663,357	17.15%	1,746,149	18.58%
Local and Regional School Taxes	4,616,434	47.60%	4,152,538	44.19%
Municipal Open Space Taxes	214,930	2.22%	215,570	2.29%
Other Expenditures			29,418	0.31%
Total Expenditures	9,697,908	100.00%	9,396,925	100.00%
Excess in Revenue	338,656		548,911	
Fund Balance January 1	558,603		344,692	
Total	897,259		893,603	
Less: Utilization as Anticipated Revent	336,000		335,000	
Fund Balance December 31	\$ 561,259		\$ 558,603	

**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
2012	\$ 7,625,093	\$ 7,395,314	96.99%
2011	7,659,117	7,440,241	97.14%
2010	7,607,625	7,433,685	97.71%

Comparison of Tax Rate Information

	2012	* 2011	2010
Total Tax Rate	<u>\$ 1.796</u>	<u>\$ 1.776</u>	<u>\$ 3.220</u>
Apportionment of Tax Rate:			
Municipal	0.228	0.223	0.367
Municipal Open Space	0.049	0.050	0.090
County	0.347	0.363	0.710
County Open Space Preservation Trust Fund	0.041	0.043	0.084
Local School	0.514	0.494	0.863
Regional School	0.617	0.603	1.106

*Revaluation Completed in 2011.

Net Valuation Taxable:

2012	<u>\$ 428,772,960</u>
2011	<u>\$ 428,453,160</u>
2010	<u>\$ 235,140,796</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
2012	\$ 54,258	\$ 218,598	\$ 272,856	3.58%
2011	36,858	166,683	203,541	2.66%
2010	29,458	171,920	201,378	2.65%

**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
2012	\$ 3,410
2011	3,410
2010	3,410
2009	3,410
2008	3,410

Comparative Schedule of Fund Balance

Current Fund	December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2012	\$ 561,259	\$ 404,200	72.02%
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%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012:

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
Michael Moscatiello	Mayor	\$ 15,000.00	A
James Durr	Deputy Mayor	\$ 15,000.00	A
Deborah Butler	Committeewoman	\$ 15,000.00	A
William Quackenboss	Committeeman	\$ 15,000.00	A
Louis DeLorenzo	Committeeman	\$ 15,000.00	A
Cindy Dye	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
Lois F. Downey	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
Christine Cass-Edwards	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, 2012**



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, 2012. 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

Contracts and Agreements Requiring Solicitation of Quotations (continued):

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.

The governing body on January 1, 2012 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, 2012 included 2012 and 2011 real estate taxes.

There was a tax sale held on October 19, 2012 and was complete.

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

YEAR	NUMBER OF LIENS
2012	12
2011	8
2010	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.

Fixed Assets

***Finding 2012-01:**

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 2013.

***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 ALLISON, P. C.



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
No. CR473

Medford Office
June 14, 2013