

**TOWNSHIP OF HAMILTON
MERCER COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

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

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY**

TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>PAGE(S)</u>
<u>INTRODUCTORY SECTION</u>	1
Letter of Transmittal	2
<u>PART I</u>	3
<u>FINANCIAL SECTION</u>	4
Independent Auditor's Report	5 - 7
Basic Financial Statements:	
I. Combined Financial Statements	8
Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Groups - Regulatory Basis	9 - 10
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis - Current and Utility Operating Funds - for the Year Ended December 31, 2012	11 - 12
Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis - Budget and Actual - Current Fund for the Year Ended December 31, 2012	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis - Budget and Actual - Current & Utility Operating Funds for the Year Ended December 31, 2012	15 - 16
II. Individual Fund Financial Statements	17
A Current Fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis - December 31, 2012	18
A- 1 Current Fund Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	19 - 20
A- 2 Current Fund Statement of Revenues - Regulatory Basis - for the Year Ended December 31, 2012	21 - 24
A- 3 Current Fund Statement of Expenditures - for the Year Ended December 31, 2012	25 - 31
B Trust Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	32 - 33
B- 1 Trust Assessment Fund - Statement of Revenues	34
B- 2 Trust Assessment Fund - Statement of Expenditures	34
B- 3 Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis - Animal Control Fund	35
C General Capital Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	36

TOWNSHIP OF HAMILTON
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>PAGE(S)</u>
II. Individual Fund Financial Statements (Cont'd.)	
C- 1 General Capital Fund Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	37
D Sewer Utility Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis - December 31, 2012	38
D- 1 Sewer Utility Operating Fund - Statement of Revenues, Expenditures, Operations and Change in Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	39
D- 2 Sewer Utility Capital Fund - Statement of Revenues, Expenditures and Change in Fund Balance- Regulatory Basis - for the Year Ended December 31, 2012	40
D- 3 Sewer Utility Assessment Fund - Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis - for the Year Ended December 31, 2012	40
D- 4 Sewer Utility Operating Fund - Statement of Revenues - Regulatory Basis - for the Year Ended December 31, 2012	41
D- 5 Sewer Utility Operating Fund - Statement of Expenditures - Regulatory Basis - for the Year Ended December 31, 2012	42
Notes to Financial Statements	43 - 72
 <u>PART II – SINGLE AUDIT SECTION</u>	 73
<u>SINGLE AUDIT SECTION</u>	74
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	75 - 76
Independent Auditor’s Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	77 - 78
<u>Schedule of Expenditures of Federal and State Awards</u>	79
Sch. A Schedule of Expenditures of Federal Awards	80
Sch. B Schedule of Expenditures of State Awards	81 - 82
Notes to Schedule of Expenditures of Federal Awards	83
Sch. C Schedule of Findings and Questioned Costs	84 - 86
Sch. D Summary Schedule of Prior Findings	87

TOWNSHIP OF HAMILTON
TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2012

	<u>PAGE(S)</u>
<u>PART III - OTHER SUPPLEMENTARY INFORMATION</u>	88
Individual Fund Supplementary Schedules	89
Current Fund:	
A- 4 Schedule of Taxes Receivable and Analysis of Property Levy	90
A- 5 Schedule of Tax Title Liens	91
A- 6 Schedule of Other Accounts Receivable	91
A- 7 Schedule of Taxes Payable	92
A- 8 Schedule of 2011 Appropriation Reserves	93 - 95
A- 9 Schedule of Prepaid Taxes	96
A-10 Schedule of Tax Overpayments	96
A-11 Schedule of Due From State of New Jersey	97
A-12 Schedule of Federal and State Grants Accounts Receivable	98 - 99
A-13 Schedule of Reserve for State and Federal Grants Appropriated	100 - 101
A-14 Schedule of Reserve for State and Federal Grants - Unappropriated Grant Fund	102
Trust Fund:	
B- 4 Statement of Cash and Reserve Activity	103 - 104
B- 5 Schedule of Prospective Assessments - Funded - Trust Assessment Fund	105
B- 6 Schedule of Reserve for Assessments Liens and Assessment Lien Interest and Costs - Trust Assessment Fund	106
B- 7 Schedule of General Serial Bonds	107
General Capital Fund:	
C- 2 Analysis of Cash and Investments	108
C- 3 Schedule of Deferred Charges to Future Taxation - Unfunded	109
C- 4 Schedule of Improvement Authorizations	110
C- 5 Schedule of General Serial Bonds	111 - 112
C- 6 Schedule of Loan Payable - New Jersey Environmental Infrastructure Trust	113
C- 7 Schedule of Project Loans Payable - New Jersey Department of Environmental Protection Green Trust Program	114
C- 8 Schedule of Capital Improvement Fund	114
C- 9 Schedule of Bonds and Notes Authorized but not Issued	115
C-10 Schedule of Bond Anticipation Notes	116
Sewer Utility Fund:	
D- 6 Analysis of Sewer Utility Assessment Trust - Cash and Investments	117
D- 7 Schedule of Sewer Rents Receivable - Sewer Utility Operating Fund	118
D- 8 Schedule of Sewer Rent Liens Receivable - Sewer Utility Operating Fund	118
D- 9 Schedule of Fixed Capital - Sewer Utility Capital Fund	119

TOWNSHIP OF HAMILTON

TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2012

	<u>PAGE(S)</u>
<u>OTHER SUPPLEMENTARY INFORMATION (CONT'D.)</u>	
D-10 Schedule of Fixed Capital Authorized and Uncompleted - Sewer Utility Capital Fund	120
D-11 Schedule of 2011 Appropriation Reserves - Sewer Utility Operating Fund	121
D-12 Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance - Sewer Utility Operating Fund	122 - 124
D-13 Schedule of Reserve for Capital Improvement Fund - Sewer Utility Capital Fund	125
D-14 Schedule of Improvement Authorizations - Sewer Utility Capital Fund	126
D-15 Schedule of Reserve for Amortization - Sewer Utility Capital Fund	127
D-16 Schedule of Deferred Reserve for Amortization	128
D-17 Schedule of Sewer Serial Bonds - Sewer Utility Capital Fund	129 - 130
D-18 Schedule of Loan Payable - New Jersey Environmental Infrastructure Trust - General Capital Fund	131
D-19 Schedule of Bonds and Notes Authorized but not Issued	132
D-20 Schedule of Bond Anticipation Notes	133
Supplementary Data:	
Comparative Statement of Operations and Change in Fund Balance - Current Fund	134
Comparative Statement of Operations and Change in Fund Balance - Sewer Utility Operating Fund	135
Property Acquired by Tax Title Lien Liquidation	136
Comparison of Sewer Utility Levies	136
Comparative Schedule of Fund Balances	136
Comparative Schedule of Tax Rate Information	137
Comparison of Tax Levies and Collection Currently	137
Delinquent Taxes and Tax Title Liens	137
Officials in Office and Surety Bonds	138
<u>PART IV – STATISICAL SECTION & AUDITOR’S MANAGEMENT REPORTS</u>	
	139
<u>STATISTICAL SECTION (UNAUDITED)</u>	
	140
<u>Table</u>	
1 Current Fund Expenditures by Function	141
2 Current Fund Revenues by Source	142
3 Assessed Value and Estimate of Total Value	143
4 Schedule of Ten Largest Taxpayers	144
5 Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt per Capita	145
6 Ratio of Annual Debt Service Expenditures – Current Fund	146
7 Demographic Statistics	147
8 Miscellaneous Statistics	148

TOWNSHIP OF HAMILTON

TABLE OF CONTENTS
FOR YEAR ENDED DECEMBER 31, 2012

	<u>PAGE(S)</u>
<u>AUDITOR'S MANAGEMENT REPORTS</u>	149
General Comments	150 - 162
Recommendations	163
Acknowledgement	163

INTRODUCTORY SECTION

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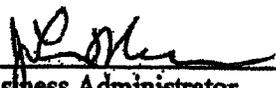
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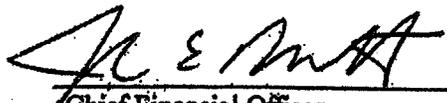
June 27, 2013

The Honorable Mayor
and Township Council
Township of Hamilton
2090 Greenwood Ave.
PO Box 00150
Hamilton, NJ 08650-0150

The Comprehensive Annual Financial Report (the "CAFR") for the Township of Hamilton (the "Township") for the year ended December 31, 2012 is hereby submitted, as mandated by state statute. New Jersey state statutes require that the Township annually issue a report on its financial position and activity and that this report be audited by an independent registered municipal accountant. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Township.

The Comprehensive Annual Financial Report is presented in five sections: the introductory section, the financial statements, the statistical section, the single audit section and general findings and recommendations. The introductory section, which is unaudited, contains this letter of transmittal and a listing of the Township's principal and elected and appointed officials. The financial section includes the general - purpose financial statements and individual and fund statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information. The single audit section includes the auditor's reports and the schedules of Federal and State financial assistance. The Township is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the US Office of Management and Budget and Budget Circular A-133, "Audits of State and Local Governments" and the State Treasury Circular 04-04 OMB.


Business Administrator


Chief Financial Officer

**TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY**

**PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
NOTES TO FINANCIAL STATEMENTS**

FINANCIAL SECTION

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JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Hamilton
County of Mercer, New Jersey

Report on the Financial Statements

We have audited the accompanying combined statement of assets, liabilities, reserves and fund balance – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer, New Jersey as of December 31, 2012 and 2011 the related statements of combined statement of revenues, expenditures and changes in fund balance – current and utility operating fund – regulatory basis, the statement of revenues, expenditures and changes in fund balance – current fund – regulatory basis and the statement of revenues, expenditures and changes in fund balance – utility fund – regulatory basis for the year ended December 31, 2012, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements 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 significance of the matter discussed in the “Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Hamilton, County of Mercer, New Jersey, as of December 31, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we audited the Statement of Governmental Fixed Assets, the financial statements – regulatory basis, referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer New Jersey as of December 31, 2012 and the results of operations and changes in fund balance – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2012, on the basis of accounting described in Note 2.

Other Matters

Other Information

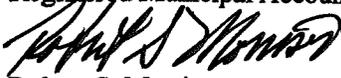
Our audit was made for the purpose of forming an opinion on the financial statements of the Township of Hamilton, County of Mercer, New Jersey. The information included in Part II – Single Audit Section, as required by *Office of Management and Budget Circular A-133, audits of States, Local Governments and Non-Profit Organizations*, Part III – Other Supplementary Information and Part IV – Statistical, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Hamilton, County of Mercer, New Jersey. The Part II – Single Audit Section and Part III - Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis, taken as a whole. The schedules and information contained in Part IV have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2013 on our consideration of the Township of Hamilton's internal control over financial reporting and on our tests of its compliance with certain provision 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 Governmental Auditing Standards in considering the Township of Hamilton's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants



Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
June 27, 2013

COMBINED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
REGULATORY BASIS
DECEMBER 31, 2012

ASSETS	CURRENT	GENERAL	TRUST	UTILITY	UTILITY	UTILITY	GOVERNMENTAL	TOTAL	MEMORANDUM
	FUND	CAPITAL	FUNDS	OPERATING	CAPITAL	ASSESSMENT	FIXED	DEC. 31.2012	ONLY
		FUND		FUND	FUND	FUND	ASSETS	DEC. 31.2011	TOTAL
								DEC. 31.2011	
Cash and Investments	\$ 11,546,804.83	\$ 12,318,007.64	\$ 14,867,101.30	\$ 6,458,668.22	\$ 5,524,944.28	\$ 467.10	\$	50,715,993.37	55,215,211.74
Federal and State Grants Receivable	2,195,734.24	296,229.42						2,491,963.66	2,165,327.55
Receivables and Other Assets:									
Delinquent Property Taxes and									
Utility Charges	499,004.40			40,173.70				539,178.10	1,033,727.97
Other Receivables	97,261.99							97,261.99	745,744.71
Assessments Receivable			1,229,047.88	109,767.19				1,338,815.07	1,296,733.37
Tax Title and Assessment Liens Rec.	1,635,611.47		899.49					1,636,510.96	1,291,704.91
Prepaid School Tax	1,420,207.50							1,420,207.50	
Interfunds Receivable	106,561.66	300,000.00				173,349.54		579,911.20	977,067.71
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	218,399.69		297,220.24			8,650.65		524,270.58	566,980.66
Prospective Assessments Funded			2,267,073.50					2,267,073.50	2,267,073.50
Deferred Charges		85,979,418.82						85,979,418.82	76,005,377.37
Fixed Capital					124,323,510.98			124,323,510.98	124,323,510.98
Fixed Capital Authorized and Uncompleted					41,827,427.66			41,827,427.66	36,827,427.66
Fixed Assets							62,299,611.42	62,299,611.42	59,274,125.40
	<u>\$ 18,086,630.78</u>	<u>\$ 98,893,655.88</u>	<u>\$ 18,661,342.41</u>	<u>\$ 6,608,609.11</u>	<u>\$ 171,857,883.11</u>	<u>\$ 467.10</u>	<u>\$ 62,299,611.42</u>	<u>\$ 376,408,199.81</u>	<u>\$ 362,357,058.53</u>

10

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER
 COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
 REGULATORY BASIS
 DECEMBER 31, 2012

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSETS	TOTAL DEC. 31, 2012	MEMORANDUM ONLY TOTAL DEC. 31, 2011
Overpayments	\$ 54,870.58			\$ 1,887.15				\$ 56,757.73	94,686.70
Appropriation Reserves	4,287,086.23			935,761.36				5,222,847.59	4,700,622.15
Prepaid Taxes and Utility Charges	1,303,861.07			1,305,333.52				2,618,526.74	2,418,751.39
Federal and State Grants:									
Appropriated Reserves	2,545,195.74							2,545,195.74	1,992,465.38
Unappropriated Reserves	31,734.93							31,734.93	9,109.92
Encumbrances	70,601.67							70,601.67	206,520.10
Other Liabilities and Reserves:									
Due to State of New Jersey	8,075.10		69.00					8,144.10	75.00
Reserve for Future Debt Service					450,945.14			450,945.14	385,208.01
Capital Improvement Fund					192,775.00			192,775.00	193,751.00
Other Reserves	166,796.06		16,263,627.90		101,009,689.73			117,440,113.69	113,501,093.38
Improvement Authorizations		25,316,181.64						45,727,855.07	34,976,805.05
Reserve for Encumbrances/Accounts Payable	1,017,333.86	2,530,024.76		513,492.03	2,849,684.46			6,910,535.11	10,518,062.37
Interfunds Payable	10,573.08	65,189.09	330,799.49	173,349.54				579,911.20	977,067.71
Serial Bonds Payable		43,981,000.00	1,413,000.00			29,510,000.00		74,904,000.00	80,019,000.00
Bond Anticipation Notes Payable		22,749,658.00				16,987,000.00		39,736,658.00	25,033,000.00
Green Trust Loan Payable		451,549.46						451,549.46	494,302.53
Environmental Infrastructure Loans		3,797,579.96				445,408.97		4,242,988.93	4,524,959.32
Reserve for Receivables	2,629,722.35			149,940.89				2,779,663.24	3,318,724.41
Other Payables	385,564.17		644,511.87	618,298.54				1,648,374.58	7,408,542.92
Investment in Fixed Assets							62,299,611.42	62,299,611.42	59,274,125.40
Fund Balance	<u>5,575,215.94</u>	<u>2,472.97</u>	<u>2.00</u>	<u>2,910,546.08</u>	<u>706.38</u>	<u>467.10</u>		<u>8,489,410.47</u>	<u>12,313,185.79</u>
	<u>\$ 18,086,630.78</u>	<u>\$ 98,893,655.88</u>	<u>\$ 18,661,342.41</u>	<u>\$ 6,608,609.11</u>	<u>\$ 171,857,883.11</u>	<u>\$ 467.10</u>	<u>\$ 62,299,611.42</u>	<u>\$ 376,408,199.81</u>	<u>\$ 362,360,058.53</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	CURRENT FUND	UTILITY OPERATING FUNDS	TOTAL
Revenues:			
Fund Balance Appropriated	\$7,029,270.82	\$1,100,000.00	\$1,100,000.00
Sewer Rents		14,891,507.94	14,891,507.94
Miscellaneous Revenue	6,475,004.50	495,589.89	6,970,594.39
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	1,383,822.64		1,383,822.64
Special Items	1,595,662.48		1,595,662.48
Receipts from Delinquent Taxes	566,516.11		566,516.11
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	59,788,955.72		59,788,955.72
Local Library Tax	3,037,370.00		3,037,370.00
Total Budget Revenue	<u>99,043,432.27</u>	<u>16,487,097.83</u>	<u>108,501,259.28</u>
Other Credits to Income	5,386,848.75	1,063,370.33	6,450,219.08
Total Revenues	<u>104,430,281.02</u>	<u>17,550,468.16</u>	<u>121,980,749.18</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	12,527,902.45	13,385,113.45
Department of Administration	1,141,098.00		1,141,098.00
Department of Finance	1,567,141.00		1,567,141.00
Department of Law	1,646,180.00		1,646,180.00
Department of Engineering, Planning and Inspection	4,124,655.50		4,124,655.50
Department of Economic Development/Technology	642,730.00		642,730.00
Department of Public Safety	22,549,786.00		22,549,786.00
Department of Public Works	21,432,021.40		21,432,021.40
Department of Health, Recreation and Welfare	3,110,778.00		3,110,778.00
Separate Boards and Agencies	192,608.00		192,608.00
Unclassified Purposes	19,766,073.12		19,766,073.12
Deferred Charges and Statutory Expenditures	8,890,651.82	762,075.98	9,652,727.80
Current Fund Excluded From CAPS:			
General Government	4,188,744.00		4,188,744.00
Public and Private Programs	1,409,192.64		1,409,192.64
Capital Improvements	379,150.00	310,000.00	689,150.00
Debt Service	5,939,569.74	3,095,371.21	9,034,940.95
Reserve for Uncollected Taxes	1,300,000.00		1,300,000.00
Total Budget Expenditures	<u>99,137,590.22</u>	<u>16,695,349.64</u>	<u>115,832,939.86</u>
Other Charges	1,826,226.70	17,055.09	1,843,281.79
Total Expenditures	<u>100,963,816.92</u>	<u>16,712,404.73</u>	<u>117,676,221.65</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>	<u>TOTAL</u>
Statutory Excess to Fund Balance	3,466,464.10	838,063.43	4,304,527.53
Fund Balance January 1, 2012	<u>9,138,022.66</u>	<u>3,172,482.65</u>	<u>12,310,505.31</u>
	12,604,486.76	4,010,546.08	16,615,032.84
Decreased by:			
Utilized in Budget	<u>7,029,270.82</u>	<u>1,100,000.00</u>	<u>1,100,000.00</u>
Fund Balance December 31, 2012	<u>\$ 5,575,215.94</u>	<u>\$ 2,910,546.08</u>	<u>\$ 15,515,032.84</u>

Note : See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31,2012

	<u>Budget as</u> <u>Modified</u>	<u>2012</u> <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 7,029,270.82	\$ 7,029,270.82	
Miscellaneous Revenue	7,183,200.00	6,475,004.50	(708,195.50)
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	1,383,822.64	1,383,822.64	
Special Items	1,599,647.48	1,595,662.48	(3,985.00)
Receipts from Delinquent Taxes	913,827.91	566,516.11	(347,311.80)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	58,840,987.63	59,788,955.72	947,968.09
Municipal Library Tax	<u>3,037,370.00</u>	<u>3,037,370.00</u>	
Total Budget Revenue	<u>99,154,956.48</u>	<u>99,043,432.27</u>	<u>(111,524.21)</u>
Other Credits to Income		<u>5,386,848.75</u>	<u>5,386,848.75</u>
Total Revenues	<u>99,154,956.48</u>	<u>104,430,281.02</u>	<u>5,275,324.54</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	857,211.00	
Department of Administration	1,141,098.00	1,141,098.00	
Department of Finance	1,567,141.00	1,567,141.00	
Department of Law	1,646,180.00	1,646,180.00	
Department of Engineering, Planning and Inspection	4,124,655.50	4,124,655.50	
Department of Economic Development/Technology	642,730.00	642,730.00	
Department of Public Safety	22,549,786.00	22,549,786.00	
Department of Public Works	21,432,021.40	21,432,021.40	
Department of Health, Recreation and Welfare	3,110,778.00	3,110,778.00	
Separate Boards and Agencies	192,608.00	192,608.00	
Unclassified Purposes	19,766,073.12	19,766,073.12	
Deferred Charges and Statutory Expenditures	8,890,651.82	8,890,651.82	
Current Fund Excluded From CAPS:			
General Government	4,188,744.00	4,188,744.00	
Public and Private Programs	1,409,192.64	1,409,192.64	
Capital Improvements	379,150.00	379,150.00	
Debt Service	5,956,936.00	5,939,569.74	17,366.26
Reserve for Uncollected Taxes	<u>1,300,000.00</u>	<u>1,300,000.00</u>	
Total Budget Expenditures	<u>99,154,956.48</u>	<u>99,137,590.22</u>	<u>17,366.26</u>
Other Charges		<u>1,826,226.70</u>	<u>(1,826,226.70)</u>
Total Expenditures	<u>99,154,956.48</u>	<u>100,963,816.92</u>	<u>(1,808,860.44)</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

Statutory Excess to Fund Balance	\$	\$ 3,466,464.10	\$
Fund Balance January 1, 2012		<u>9,138,022.66</u>	
		12,604,486.76	
Decreased by: Utilized in Budget		<u>7,029,270.82</u>	
Fund Balance December 31, 2012	<u>\$</u>	<u>\$ 5,575,215.94</u>	<u>\$</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31,2012

	CURRENT FUND	UTILITY OPERATING FUNDS	TOTAL
Revenues:			
Fund Balance Appropriated	\$7,029,270.82	\$1,100,000.00	\$1,100,000.00
Sewer Rents		14,891,507.94	14,891,507.94
Miscellaneous Revenue	6,475,004.50	495,589.89	6,970,594.39
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	1,383,822.64		1,383,822.64
Special Items	1,595,662.48		1,595,662.48
Receipts from Delinquent Taxes	566,516.11		566,516.11
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	59,788,955.72		59,788,955.72
Local Library Tax	3,037,370.00		3,037,370.00
	<hr/>	<hr/>	<hr/>
Total Budget Revenue	99,043,432.27	16,487,097.83	108,501,259.28
Other Credits to Income	5,386,848.75	1,063,370.33	6,450,219.08
	<hr/>	<hr/>	<hr/>
Total Revenues	104,430,281.02	17,550,468.16	121,980,749.18
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	12,527,902.45	13,385,113.45
Department of Administration	1,141,098.00		1,141,098.00
Department of Finance	1,567,141.00		1,567,141.00
Department of Law	1,646,180.00		1,646,180.00
Department of Engineering, Planning and Inspection	4,124,655.50		4,124,655.50
Department of Economic Development/Technology	642,730.00		642,730.00
Department of Public Safety	22,549,786.00		22,549,786.00
Department of Public Works	21,432,021.40		21,432,021.40
Department of Health, Recreation and Welfare	3,110,778.00		3,110,778.00
Separate Boards and Agencies	192,608.00		192,608.00
Unclassified Purposes	19,766,073.12		19,766,073.12
Deferred Charges and Statutory Expenditures	8,890,651.82	762,075.98	9,652,727.80
Current Fund Excluded From CAPS:			
General Government	4,188,744.00		4,188,744.00
Public and Private Programs	1,409,192.64		1,409,192.64
Capital Improvements	379,150.00	310,000.00	689,150.00
Debt Service	5,939,569.74	3,095,371.21	9,034,940.95
Reserve for Uncollected Taxes	1,300,000.00		1,300,000.00
	<hr/>	<hr/>	<hr/>
Total Budget Expenditures	99,137,590.22	16,695,349.64	115,832,939.86
Other Charges	1,826,226.70	17,055.09	1,843,281.79
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Total Expenditures	100,963,816.92	16,712,404.73	117,676,221.65

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>	<u>TOTAL</u>
Statutory Excess to Fund Balance	3,466,464.10	838,063.43	4,304,527.53
Fund Balance January 1, 2012	<u>9,138,022.66</u>	<u>3,172,482.65</u>	<u>12,310,505.31</u>
Decreased by:			
Utilized in Budget	<u>12,604,486.76</u>	<u>4,010,546.08</u>	<u>16,615,032.84</u>
Fund Balance December 31, 2012	<u>\$ 5,575,215.94</u>	<u>\$ 2,910,546.08</u>	<u>\$ 15,515,032.84</u>

Note : See Notes to Financial Statements

INDIVIDUAL FUND FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Cash and Investments - Treasurer	\$ 11,169,008.90	Liabilities:	
Cash - Change Fund	1,760.00	Prepaid Taxes	\$ 1,303,861.07
Prepaid School Tax	1,420,207.50	Tax Overpayments	54,870.58
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>218,399.69</u>	Appropriation Reserves	4,287,086.23
	<u>12,809,376.09</u>	Due to Grant Fund	10,573.08
		Due to State of New Jersey:	
Receivables and Other Assets With Full Reserves:		State Marriage License Fees	8,075.10
Taxes Receivable	499,004.40	Due to School PILOT Payments	160,000.00
Tax Title Liens Receivable	1,635,611.47	Due County for Added Taxes	225,564.17
Property Acquired for Taxes at Assessed Value	367,045.00	Reserve for Encumbrances	1,017,333.86
Revenue Accounts Receivable	59,061.15	Proceeds Sale of Municipal Assets	<u>166,796.06</u>
Other Accounts Receivable	38,200.84		7,234,160.15
Due from Dog Trust	7,979.72	Reserve for Receivables	2,629,722.35
Due from CDBG Fund	5,061.72	Fund Balance	<u>5,575,215.94</u>
Due from Trust Assessment Fund	<u>17,758.05</u>		
	<u>2,629,722.35</u>	Total Regular Fund	<u>15,439,098.44</u>
Total Regular Fund	<u>15,439,098.44</u>	Grant Fund:	
Grant Fund:		Reserve for Encumbrances	70,601.67
Cash and Investments - Treasurer	376,035.93	Reserve for State & Federal Grants:	
Due from General Capital Fund	65,189.09	Appropriated	2,545,195.74
Due from Current Fund	10,573.08	Unappropriated	<u>31,734.93</u>
State & Federal Grants Receivable	<u>2,195,734.24</u>	Total Grant Fund	<u>2,647,532.34</u>
Total Grant Fund	<u>2,647,532.34</u>	Total Current Fund	<u>\$ 18,086,630.78</u>
Total Current Fund	<u>\$ 18,086,630.78</u>		

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2012</u>
Fund Balance Utilized	\$ 7,029,270.82
Miscellaneous Revenues Anticipated	28,621,319.62
Receipts from Delinquent Taxes	566,516.11
Receipts from Current Taxes	230,042,635.78
Non-Budget Revenue	2,500,135.73
Other Credits to Income:	
Unexpended Balance of Approp.	
Reserves Lapsed	2,224,385.44
Pr. Yr. Sr. Cit. Deduc. Allowed (Net)	17,743.07
Other Accounts Receivable	174,835.77
Refund of Prior Years Expenditures	9,109.92
Interfund Loans Returned (Net)	460,638.82
	<hr/>
	271,646,591.08
	<hr/>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operations:	
Salaries and Wages	43,207,878.40
Other Expenses	39,420,340.26
Deferred Charges and Statutory	
Expenditures	8,890,651.82
Capital Improvements	379,150.00
Municipal Debt Service	5,939,569.74
Special District Taxes	20,043,357.00
County Taxes	50,431,878.56
Local District School Taxes	98,041,074.50
State Tax Appeals	1,826,226.70
	<hr/>
Total Expenditures	268,180,126.98
	<hr/>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	STATE FISCAL <u>YEAR 2012</u>
Statutory Excess to Fund Balance	\$ 3,466,464.10
<u>FUND BALANCE</u>	
Balance - January 1	<u>9,138,022.66</u>
Balance - December 31	<u>\$ 5,575,215.94</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
 Page 1 of 4

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED				
	2012 BUDGET	N.J.S.A. 40A:4-87	\$	\$	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 7,029,270.82		\$	7,029,270.82	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	91,000.00			93,886.00	2,886.00
Other	150,000.00			161,374.00	11,374.00
Fees and Permits:					
Other	192,000.00			198,655.30	6,655.30
Fines and Costs:					
Municipal Court	985,000.00			993,309.41	8,309.41
Interest and Costs on Taxes	622,000.00			538,760.38	(83,239.62)
Interest on Investments and Deposits	299,000.00			193,906.88	(105,093.12)
Cable Franchise Fees	1,110,000.00			1,160,694.34	50,694.34
Housing, Site and Contractor Fees	246,000.00			336,564.00	90,564.00
Consolidated Municipal Property Tax Relief	266,709.00			266,709.00	
Energy Receipts Tax	18,900,121.00			18,900,121.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00			223,000.00	
Reimbursement for Administrative Service:					
Free Public Library	74,000.00			74,000.00	
Sewer Operating Fund	680,000.00			680,331.00	331.00
Uniform Construction Code Fees	2,389,950.00			1,696,081.00	(693,869.00)
Developers Escrow - Engineering & Planning Staff	121,250.00			124,442.19	3,192.19
Special Items:					
Sustainable Jersey Grant		2,000.00		2,000.00	
Safe and Secure Communities	55,415.00			55,415.00	
Recycling Tonnage Grant		127,490.79		127,490.79	
Fugitive Task Force	9,109.92			9,109.92	
2012 Roadway Improvement - Klockner Road		220,000.00		220,000.00	
Regional Trails	19,100.00			19,100.00	
Recycling Tonnage Grant	9.34			9.34	
Clean Communities	142,745.32			142,745.32	
NJ FY 2012 NNL Turnpike Phase II		612,374.00		612,374.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 2 of 4

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED				
	2012 BUDGET	N.J.S.A. 40A:4-87	REALIZED		EXCESS OR (DEFICIT)
Miscellaneous Revenues (Cont'd.):					
Special Items (cont'd):					
Municipal Alliance	\$ 78,731.00	\$	\$ 78,731.00		
Drive Sober or Get Pulled Over	5,000.00	4,400.00	9,400.00		
2011 Emergency Management Performance	5,000.00		5,000.00		
2012 Sustainable Land Use Planning Grant		2,500.00	2,500.00		
Municipal Court Alcohol Education		11,548.09	11,548.09		
Edward Byrne Memorial Justice Grant		29,101.00	29,101.00		
Edward Byrne Memorial Justice Grant		19,692.00	19,692.00		
Edward Byrne Memorial Justice Grant		24,220.00	24,220.00		
State Body Armor		15,386.18	15,386.18		
Septemberfest Sponsorships and Vendor Fees	80,000.00		76,015.00		(3,985.00)
HUD Administrative Reimbursements & HCVP	46,000.00		46,000.00		
Reserve for State Aid Received CY 2011	880,678.00		880,678.00		
Reserve for Proceeds Sale of Municipal Assets	94,357.07		94,357.07		
Reserve for Future Debt Service	107,612.41		107,612.41		
American Metro - Payment in Lieu of Taxes	391,000.00		391,000.00		
	28,264,788.06	1,068,712.06	28,621,319.62		(712,180.50)
Total Miscellaneous Revenues					
Receipts from Delinquent Taxes	913,827.91		566,516.11		(347,311.80)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	58,840,987.63		59,788,955.72		947,968.09
Local Tax for Municipal Library	3,037,370.00		3,037,370.00		
	61,878,357.63		62,826,325.72		947,968.09
Total Amount to be Raised By Taxation					
Budget Totals	98,086,244.42	1,068,712.06	99,043,432.27		-111,524.21
Non-Budget Revenues			2,500,135.73		
	\$ 98,086,244.42	\$ 1,068,712.06	\$ 101,543,568.00		

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 3 of 4

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Analysis of Non-Budget Revenues:

Hotel Fees	\$ 110,986.46
Other Divisions	200,678.61
Copy Fees	3,463.22
Cellular Tower Rentals	1,604,199.56
Rentals	6,300.00
Developers Escrow Reimb. PW Inspections	142,970.88
Recycling	8,120.74
Fall Fest	2,455.00
Winter Wonderland	1,250.00
Ecological Facility Lease payments	95,000.04
FEMA Reimbursement	1,186.50
Health Services	4,113.70
NFS Bad Checks	2,880.00
Other	130,414.49
Restitution	1,887.04
Plans/Specifications	8,870.00
Golf Center	113,020.00
Azalea Fest	4,295.00
Sayen House and Gardens	56,651.91
Kuser, Bromley and Misc. Festivals	<u>1,392.58</u>
	\$ <u><u>2,500,135.73</u></u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2012	222,516,971.38
Year 2011	1,195,227.14
Homestead Rebate	4,909,110.65
Sr. Cit. & Vet. Deduction	
Reimbursement	<u>1,421,326.61</u>

\$ 230,042,635.78

Allocated to:

School, County and Special
District Taxes

168,516,310.06

61,526,325.72

Add: Reserve for Uncollected Taxes

1,300,000.00

\$ 62,826,325.72

Receipts from Delinquent Taxes:

Delinquent Tax Collection
Tax Title Lien Collection

\$ 305,975.45

260,540.66

\$ 566,516.11

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3
Page 1 of 7

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 326,100.00	\$ 326,100.00	\$ 288,610.67	\$	\$ 37,489.33	\$
Other Expenses	22,449.00	22,449.00	15,610.88	646.99	6,191.13	
Township Council						
Salaries and Wages	80,015.00	80,015.00	73,099.87		6,915.13	
Other Expenses	10,994.00	52,994.00	10,113.57	25,273.83	17,606.60	
Office of the Municipal Clerk						
Salaries and Wages	312,108.00	312,108.00	299,392.28		12,715.72	
Other Expenses	63,545.00	63,545.00	47,777.51	1,085.08	14,682.41	
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	212,103.00	212,103.00	204,968.12		7,134.88	
Other Expenses	7,159.00	7,159.00	5,286.47	139.00	1,733.53	
Human Resources						
Salaries and Wages	223,521.00	223,521.00	216,270.55		7,250.45	
Other Expenses	26,860.00	26,860.00	22,547.58	587.81	3,724.61	
Training	25,000.00	3,000.00	1,811.77		1,188.23	
Division of Budget and Purchasing						
Salaries and Wages	463,115.00	465,615.00	454,736.49		10,878.51	
Other Expenses	35,663.00	33,163.00	27,693.33	763.11	4,706.56	
Postage Costs	169,677.00	169,677.00	159,605.42		10,071.58	
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	279,749.00	279,749.00	267,153.86		12,595.14	
Other Expenses	59,800.00	139,800.00	92,701.13	785.57	46,313.30	
Annual Audit	80,823.00	80,823.00	80,823.00			
Division of Assessments						
Salaries and Wages	401,063.00	401,263.00	391,903.35		9,359.65	
Other Expenses	34,350.00	34,150.00	24,766.96	1,413.02	7,970.02	
Division of Revenue Collection						
Salaries and Wages	526,156.00	526,156.00	504,404.45		21,751.55	
Other Expenses	105,200.00	105,200.00	88,340.20	396.57	16,463.23	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3
Page 2 of 7

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF LAW:</u>						
Legal Services						
Salaries and Wages	\$ 279,646.00	\$ 279,646.00	\$ 271,637.63	\$	\$ 8,008.37	\$
Other Expenses	92,600.00	89,100.00	45,504.71	1,049.70	42,545.59	
Municipal Prosecutor						
Salaries and Wages	88,400.00	91,900.00	89,601.58		2,298.42	
Municipal Court						
Salaries and Wages	1,055,534.00	1,055,534.00	987,348.03		68,185.97	
Other Expenses	70,533.00	70,533.00	48,641.31	3,015.52	18,876.17	
Public Defender						
Salaries and Wages	59,467.00	59,467.00			59,467.00	
<u>DEPARTMENT OF ENGINEERING, PLANNING AND INSPECTIONS:</u>						
Division of Engineering						
Salaries and Wages	462,345.00	442,345.00	402,285.51		40,059.49	
Other Expenses	157,495.00	157,495.00	65,985.49	43,109.95	48,399.56	
Community Planning & Compliance						
Salaries and Wages	525,739.00	533,239.00	517,533.51		15,705.49	
Other Expenses	72,042.50	64,542.50	38,049.77	177.50	26,315.23	
Zoning Board						
Salaries and Wages	80,180.00	82,180.00	78,877.65		3,302.35	
Other Expenses	21,300.00	19,300.00	14,880.00		4,420.00	
Affordable Housing						
Salaries and Wages	262,608.00	262,608.00			262,608.00	
Office on Housing Inspections						
Salaries and Wages	373,898.00	373,898.00	342,218.29		31,679.71	
Other Expenses	20,693.00	20,693.00	15,759.64	1,373.00	3,560.36	
Uniform Construction Code						
Salaries and Wages	1,275,971.00	1,275,971.00	1,159,403.18		116,567.82	
Other Expenses	692,384.00	692,384.00	615,869.53	5,530.34	70,984.13	
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Salaries and Wages	426,678.00	426,678.00	396,052.69		30,625.31	
Other Expenses	216,052.00	216,052.00	113,071.94	50,936.54	52,043.52	
<u>DEPARTMENT OF PUBLIC SAFETY:</u>						
Police Division						
Salaries and Wages	21,370,901.00	21,720,901.00	21,247,937.69		472,963.31	
Other Expenses	731,840.00	711,840.00	521,865.52	115,119.87	74,854.61	
Office of Emergency Management						
Other Expenses	11,355.00	11,355.00	5,468.57	897.66	4,988.77	
Purchase of Police Cars (15)	305,690.00	305,690.00		305,690.00		

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3
Page 3 of 7

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF PUBLIC WORKS:</u>						
Public Works						
Salaries and Wages	\$ 4,208,893.40	\$ 4,033,893.40	\$ 3,789,138.20	\$	\$ 244,755.20	\$
Other Expenses	595,038.00	595,038.00	391,346.29	38,938.66	164,753.05	
Other Public Works Functions						
Salaries and Wages	168,554.00	168,554.00	154,738.14		13,815.86	
Other Expenses	22,210.00	22,210.00	5,800.65	5,534.58	10,874.77	
Division of Buildings and Grounds						
Salaries and Wages	1,994,721.00	1,809,721.00	1,743,036.65		66,684.35	
Other Expenses	444,338.00	474,338.00	407,264.64	30,682.43	36,390.93	
Solid Waste Collection & Recycling						
Salaries and Wages	95,026.00	95,026.00	74,681.47		20,344.53	
Other Expenses	3,873,065.00	3,734,065.00	3,421,525.19	173,837.51	138,702.30	
Maintenance of Motor Vehicles						
Salaries and Wages	1,155,099.00	1,155,099.00	1,092,076.53		63,022.47	
Other Expenses	578,156.00	708,156.00	567,268.63	57,855.50	83,031.87	
Landfill/Solid Waste Disposal Costs	5,318,694.00	5,318,694.00	4,570,623.76		748,070.24	
Maintenance of Parks						
Salaries and Wages	2,757,578.00	2,713,578.00	2,668,381.03		45,196.97	
Other Expenses	274,287.00	324,287.00	230,143.97	40,543.41	53,599.62	
Division of Citizen Response						
Salaries and Wages	264,937.00	264,937.00	245,814.62		19,122.38	
Other Expenses	14,425.00	14,425.00	1,931.48	235.85	12,257.67	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>						
Public Health Services						
Salaries and Wages	792,693.00	792,693.00	769,306.06		23,386.94	
Other Expenses	175,215.00	175,215.00	130,896.34	8,413.03	35,905.63	
Environmental Health Services						
Salaries and Wages	352,353.00	355,353.00	347,310.02		8,042.98	
Other Expenses	26,750.00	26,750.00	6,741.58	250.00	19,758.42	
Animal Control Services						
Salaries and Wages	249,945.00	244,645.00	229,671.17		14,973.83	
Other Expenses	48,200.00	53,500.00	45,838.66	6,426.81	1,234.53	
Division of Recreation						
Salaries and Wages	601,851.00	601,851.00	573,695.67		28,155.33	
Other Expenses	323,385.00	323,385.00	235,560.30	29,388.46	58,436.24	

TOWNSHIP OF HAMILTON
 MERCER COUNTY, NEW JERSEY

Exhibit - A-3
 Page 4 of 7

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONT'D.):						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 390,731.00	\$ 390,731.00	\$ 353,185.38	\$	\$ 37,545.62	\$
Other Expenses	146,655.00	146,655.00	107,819.27	27,020.23	11,815.50	
SEPARATE BOARDS AND AGENCIES:						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	750.00	750.00	700.00		50.00	
Other Expenses	5,430.00	5,430.00	280.00	5,000.00	150.00	
Zoning Board of Adjustment						
Other Expenses	31,500.00	31,500.00	17,227.70	320.16	13,952.14	
Economic Development Commission						
Salaries and Wages	750.00	750.00	700.00		50.00	
Other Expenses	3,300.00	3,300.00	2,528.00		772.00	
Planning Board						
Other Expenses	47,532.00	47,532.00	18,230.22	83.32	29,218.46	
Board of Public Officers						
Salaries and Wages	500.00	500.00	200.00		300.00	
Other Expenses	12,070.00	12,070.00	45.82		12,024.18	
Aid to Museum (N.J.S.A. 40:23-6.22)	6,550.00	6,550.00	6,550.00			
Center for the Physically Limited (N.J.S.A. 40:13)	19,396.00	19,396.00	19,396.00			
First Aid Organizations - Contributions	40,000.00	40,000.00	40,000.00			
Construction Board of Appeals						
Salaries and Wages	200.00	200.00	150.00		50.00	
Other Expenses	145.00	145.00			145.00	
Neighborhood Service Center - Contributions	10,000.00	10,000.00	10,000.00			
Redevelopment Board						
Salaries and Wages	200.00	200.00	150.00		50.00	
Other Expenses	11,260.00	11,260.00	900.00		10,360.00	
Shade Tree Commission						
Salaries and Wages	575.00	575.00	300.00		275.00	
Other Expenses	325.00	325.00	123.76		201.24	
Parks and Recreation Commission						
Salaries and Wages	200.00	200.00	100.00		100.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3
 Page 5 of 7

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
Operations Within "CAPS" (Cont'd.)					
<u>SEPARATE BOARDS AND AGENCIES (CONT'D.):</u>					
Rent Leveling Board					
Salaries and Wages	575.00	575.00	75.00		500.00
Other Expenses	150.00	150.00			150.00
Cable Television Advisory Commission					
Salaries and Wages	500.00	500.00	100.00		400.00
Public Safety Commission					
Salaries and Wages	200.00	200.00			200.00
Special Needs Commission					
Salaries and Wages	500.00	500.00	300.00		200.00
 <u>UNCLASSIFIED PURPOSES:</u>					
Aid to Board of Fire Commissioners	15,000.00	15,000.00			15,000.00
Utility Expense and Bulk Purchase	3,517,172.00	3,517,172.00	3,180,287.90	34,017.85	302,866.25
Retirement Payouts	400,000.00	400,000.00	400,000.00		
Other Insurance General Liability	391,099.00	391,099.00	391,099.00		
Group Insurance	14,551,721.62	14,471,721.62	14,471,721.62		
Self Insurance	921,080.50	921,080.50	921,080.50		
Condominium Services Act	50,000.00	50,000.00	955.99		49,044.01
Total Operations Within "CAPS"	<u>77,030,282.02</u>	<u>77,030,282.02</u>	<u>71,902,606.91</u>	<u>1,016,538.86</u>	<u>4,111,136.25</u>
 <u>DETAIL:</u>					
Salaries and Wages	42,260,020.40	42,199,420.40	40,637,245.34		1,562,175.06
Other Expenses	<u>34,770,261.62</u>	<u>34,830,861.62</u>	<u>31,265,361.57</u>	<u>1,016,538.86</u>	<u>2,548,961.19</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-3
Page 6 of 7

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":					
Deferred Charges:					
Deficit in Reserve	29,270.82	29,270.82	29,270.82		
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	2,520,395.00	2,520,395.00	2,520,395.00		
Social Security System (O.A.S.I.)	2,067,920.00	2,067,920.00	1,954,651.64		113,268.36
DCRP	15,000.00	15,000.00	12,612.01		2,387.99
Police and Firemen's Retirement Sys. of NJ	4,258,066.00	4,258,066.00	4,258,066.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	8,890,651.82	8,890,651.82	8,774,995.47		115,656.35
Total General Appropriations for Municipal Purposes Within "CAPS"	85,920,933.84	85,920,933.84	80,677,602.38	1,016,538.86	4,226,792.60
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	3,037,370.00	3,037,370.00	3,037,370.00		
Police Dispatch/911					
Salaries and Wages	1,008,454.00	1,008,454.00	955,927.71		52,526.29
Other Expenses	15,500.00	15,500.00	12,254.66	795.00	2,450.34
Supplemental Fire Services Program	127,790.00	127,790.00	127,790.00		
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:</u>					
Edward Byrne Memorial Justice Grant		29,101.00	29,101.00		
Edward Byrne Memorial Justice Grant		19,692.00	19,692.00		
Safe and Secure Communities	55,415.00	55,415.00	55,415.00		
Edward Byrne Memorial Justice Grant		24,220.00	24,220.00		
NJ Dot Klockner Rd.		220,000.00	220,000.00		
Recycling Tonnage Grant	9.34	9.34	9.34		
Alcohol Ed. And Rehab		11,548.09	11,548.09		
Municipal Alliance 2012	78,731.00	78,731.00	78,731.00		
Emergency Mgt. Perf. Grant 2011	5,000.00	5,000.00	5,000.00		
NNL Turnpike Phase II		612,374.00	612,374.00		
Recycling Tonnage		127,490.79	127,490.79		
Sustainable Jersey Crop Grant		2,000.00	2,000.00		
Recreational Trails Grant	19,100.00	19,100.00	19,100.00		
Body Armor Grant		15,386.18	15,386.18		
Drive Sober or Get Pulled Over	5,000.00	9,400.00	9,400.00		
Clean Communities	142,745.32	142,745.32	142,745.32		
2012 Sustainable Land Use Planning Grant		2,500.00	2,500.00		
Fugitive Task Force	9,109.92	9,109.92	9,109.92		
Matching Funds for Grants	25,000.00	25,000.00	19,683.00		5,317.00
Total Operations Excluded from "CAPS"	4,529,224.58	5,597,936.64	5,536,848.01	795.00	60,293.63
<u>DETAIL:</u>					
Salaries and Wages	1,008,454.00	1,008,454.00	955,927.71		52,526.29
Other Expenses	3,520,770.58	4,589,482.64	4,580,920.30	795.00	7,767.34

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED	
			PAID OR CHARGED	ENCUMBERED		RESERVED
<u>STATE AND FEDERAL PROGRAMS</u>						
<u>OFF-SET BY REVENUES:</u>						
<u>CAPITAL IMPROVEMENTS</u>						
<u>EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	379,150.00	379,150.00	379,150.00			
Total Capital Improvements Excluded from "CAPS"	379,150.00	379,150.00	379,150.00			
<u>MUNICIPAL DEBT SERVICE</u>						
<u>EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	3,537,000.00	3,537,000.00	3,537,000.00			
Interest on Bonds	1,862,527.00	1,862,527.00	1,862,525.36		1.64	
Interest on Notes	160,475.00	160,475.00	160,475.00			
Green Trust Loan Program						
Payment of Principal	42,754.00	42,754.00	42,753.07		0.93	
Payment of Interest	9,674.00	9,674.00	9,673.34		0.66	
NJEITF						
Payment of Principal	288,310.00	288,310.00	271,693.65		16,616.35	
Payment of Interest	56,196.00	56,196.00	55,449.32		746.68	
Total Municipal Debt Service Excluded from "CAPS"	5,956,936.00	5,956,936.00	5,939,569.74		17,366.26	
Total General Appropriations for Municipal Excluded from "CAPS"	10,865,310.58	11,934,022.64	11,855,567.75	795.00	60,293.63	17,366.26
Subtotal General Appropriations	96,786,244.42	97,854,956.48	92,533,170.13	1,017,333.86	4,287,086.23	17,366.26
Reserve for Uncollected Taxes	1,300,000.00	1,300,000.00	1,300,000.00			
Total General Appropriations	\$ 98,086,244.42	\$ 99,154,956.48	\$ 93,833,170.13	\$ 1,017,333.86	\$ 4,287,086.23	\$ 17,366.26
Adopted Budget		\$ 98,086,244.42				
Appropriated N.J.S.A. 40A:4-87		1,068,712.06				
		\$ 99,154,956.48				
Disbursed			\$91,129,664.49			
State & Federal Grants Appropriated			1,403,505.64			
Reserve for Uncollected Taxes			1,300,000.00			
			\$93,833,170.13			

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - B
Page 1 of 2

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Trust Assessment Fund:		Trust Assessment Fund:	
Assessments Receivable	\$ 1,229,047.88	Prepaid Assessments	\$ 9,332.15
Assessment Liens, Interest & Costs	899.49	Due to Current Fund	17,758.05
Prospective Assessments Funded	<u>2,267,073.50</u>	Reserve for Assessments, Liens and Assessment Lien Interest and Costs	2,056,928.67
Total Trust Assessment Fund	<u>3,497,020.87</u>	Serial Bonds Payable	1,413,000.00
		Fund Balance	<u>2.00</u>
		Total Trust Assessment Fund	<u>3,497,020.87</u>
Dog License Trust Fund:		Dog License Trust Fund:	
Cash and Investments - Treasurer	<u>44,296.52</u>	Due to State of New Jersey	69.00
Total Dog License Trust Fund	<u>44,296.52</u>	Due to Current Fund	7,979.72
		Reserve	28,940.80
		Escrow	<u>7,307.00</u>
		Total Dog License Trust Fund	<u>44,296.52</u>
Trust-Other Fund:		Trust-Other Fund:	
Cash and Investments - Treasurer	<u>14,151,438.66</u>	Due to General Capital Fund	300,000.00
Total Trust-Other Fund	<u>14,151,438.66</u>	Escrow Funds	4,772,246.32
Housing and Community Development Act of 1974:		Performance Guarantees	1,815,896.05
Cash and Investments - Treasurer	54,364.19	Reimbursable Temp. CO	62,237.75
Accts. Receivable - U.S. Dept. of Housing and Urban Develop.	<u>297,220.24</u>	Deposits for Tax Sale Redemp./Premiums	1,310,426.82
Total Housing and Community Development Act of 1974	<u>351,584.43</u>	Due to State Marriage Licenses	12,775.00
		Developers Escrow	1,117,537.88
		Dedicated Law Enfor. Trust Fund	106,898.92
		Affordable Housing	2,459,666.59
		Flexible Spending Account	14,212.85
		Unemployment Trust	207,907.79
		Insurance Trust Reserve	217,030.66
		Utilities Trust Reserve	99,625.72
		Off-Duty Police	1,010,464.44
		Payroll Deductions Payable	<u>644,511.87</u>
		Total Trust-Other Fund	<u>14,151,438.66</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Self-Insurance Trust Fund:		Housing & Community Development	
Cash and Invest. - Treasurer	\$ <u>4,715.91</u>	Act of 1974:	
Total Self Insurance Trust Fund	<u>4,715.91</u>	Due to Current Fund	5,061.72
HUD Housing Voucher Trust Fund:		Reserve for Commun. Develop. Blk.	
Cash and Invest. - Treasurer	<u>612,286.02</u>	Grant Projects	\$ <u>346,522.71</u>
Total HUD Housing Voucher Trust Fund	<u>612,286.02</u>	Total Housing & Community	
		Development Act of 1974	<u>346,522.71</u>
		Self-Insurance Trust Fund:	
		Reserve for Insurance Claims:	
		Worker's Compensation	<u>4,715.91</u>
		Total Self Insurance Trust Fund	<u>4,715.91</u>
		HUD Housing Voucher Trust Fund:	
		Reserve for HUD Housing Voucher	
		Program Expenditures	<u>612,286.02</u>
		Total HUD Housing Voucher Trust Fund	<u>612,286.02</u>
Total Trust Funds	\$ <u><u>18,661,342.41</u></u>	Total Trust Funds	\$ <u><u>18,656,280.69</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
 MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES
TRUST ASSESSMENT FUND

	<u>BUDGET REVENUES</u>	<u>REALIZED</u>
Deficit (General Budget)	<u>\$110,000.00</u>	<u>\$110,000.00</u>
	<u>\$110,000.00</u>	<u>\$110,000.00</u>

TOWNSHIP OF HAMILTON
 MERCER COUNTY, NEW JERSEY

STATEMENT OF EXPENDITURES
TRUST ASSESSMENT FUND

	<u>BUDGET APPROPRIATION</u>	<u>EXPENDED</u>
Payment of Bond Principle	<u>\$110,000.00</u>	<u>\$110,000.00</u>
Reserve for Prospective Assessment Funded - Ord. 04-036		<u>\$110,000.00</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
ANIMAL CONTROL FUND
FOR THE YEAR ENDED DECMEBER 31, 2012

REF.

Balance - December 31, 2011		\$30,616.80
Increased by:		
2012 Dog License Fees	\$25,359.20	
Dog Redemption Fees	2,569.34	
Adoption Fees	4,238.00	
Late Fees	2,441.00	
Miscellaneous Fees	<u>2,726.00</u>	
		<u>37,333.54</u>
		67,950.34
Decreased by:		
Expenditures per R.S. 4:19-15.11	1,759.00	
Due to Current Fund	<u>37,250.54</u>	
		<u>39,009.54</u>
Balance - December 31, 2012		<u><u>\$28,940.80</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
TY 2010	2,250.80
2011	<u>26,690.00</u>
	<u><u>\$28,940.80</u></u>

Note: R.S. 4:19-15.11

". . .there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>
Cash and Investments - Treasurer	\$ 12,318,007.64
Due from State of NJ DOT	296,229.42
Due from Open Space Trust Fund	300,000.00
Deferred Charges to Future Taxation:	
Funded	48,230,129.42
Unfunded	<u>37,749,289.40</u>
	<u>\$ 98,893,655.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
General Serial Bonds	\$ 43,981,000.00
Bond Anticipation Notes	22,749,658.00
Environmental Infrastructure Loan	3,797,579.96
Green Trust Project Loan Payable	451,549.46
Reserve for Encumbrances	2,530,024.76
Due to Grant Fund	65,189.09
Improvement Authorizations:	
Funded	2,490,067.86
Unfunded	22,826,113.78
Fund Balance	<u>2,472.97</u>
	<u>\$ 98,893,655.88</u>

There were Bonds and Notes Authorized but not Issued
 in the amount of \$14,999,631.40.

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
 FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Balance - Dec. 31, 2011	C	\$ 1,505.00
Increased by:		
Premium on Sale of BANS	C- 2	<u>41,317.00</u>
		42,822.00
Decreased by:		
Appropriated to Fund Improvement Authorizations		<u>40,349.03</u>
Balance - Dec. 31, 2012	C	<u><u>\$ 2,472.97</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY
 SEWER UTILITY FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE</u> <u>'DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>'DEC. 31, 2012</u>
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	\$ <u>6,458,668.22</u>	Liabilities:	
	<u>6,458,668.22</u>	Sewer Rent Overpayments	\$ 1,887.15
Receivables With Offsetting Reserves:		Prepaid Sewer Rents	1,305,333.52
Sewer Rents Receivable	40,173.70	Appropriation Reserves	935,761.36
Sewer Rent Liens Receivable	<u>109,767.19</u>	Reserve for Encumbrances	513,492.03
	<u>149,940.89</u>	Due to Sewer Capital Fund	173,349.54
		Accrued Interest on Bonds & Notes	<u>618,298.54</u>
			<u>3,548,122.14</u>
Total Operating Fund	<u>6,608,609.11</u>	Reserve for Receivables	149,940.89
		Fund Balance	<u>2,910,546.08</u>
Capital Fund:		Total Operating Fund	<u>6,608,609.11</u>
Cash and Investments - Treasurer	5,524,944.28	Capital Fund:	
Due from Sewer Operating Fund	173,349.54	Serial Bonds	29,510,000.00
Account Receivable - State	8,650.65	Bond Anticipation Notes	16,987,000.00
Fixed Capital	124,323,510.98	EIT Loan Payable	439,069.69
Fixed Capital - Auth. and Uncompl.	<u>41,827,427.66</u>	Reserve for Encumbrances	2,849,684.46
	<u>171,857,883.11</u>	Improvement Authorizations:	
Total Capital Fund		Funded	810,136.62
		Unfunded	19,601,536.81
		Reserve for:	
		Future Debt Service	450,945.14
		Capital Improvement Fund	192,775.00
		Deferred Reserve for Amortization	2,307,834.71
		Reserve for Amortization	98,708,194.30
		Fund Balance	<u>706.38</u>
		Total Capital Fund	<u>171,857,883.11</u>
Sewer Assessment Fund:		Sewer Assessment Fund:	
Cash and Investments - Treasurer	<u>467.10</u>	Fund Balance	<u>467.10</u>
Total Sewer Assessment Fund	<u>467.10</u>	Total Sewer Assessment Fund	<u>467.10</u>
Total Sewer Utility Fund	\$ <u>178,466,959.32</u>	Total Sewer Utility Fund	\$ <u>178,466,959.32</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2012 of \$19,372,271.67.

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES, EXPENDITURES, OPERATIONS AND CHANGE IN
 FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2012</u>
Fund Balance Utilized	\$ 1,100,000.00
Sewer Rents	14,473,731.88
Fees and Permits	373,637.25
Additional Sewer Rents - Interlocal	417,776.06
Miscellaneous	121,952.64
Unexpended Balance of Approp. Reserves Lapsed	<u>1,063,370.33</u>
Total Revenues	<u>17,550,468.16</u>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operating	12,527,902.45
Capital Improvements	310,000.00
Debt Service	3,095,371.21
Deferred Charges	38,101.93
Statutory Expenditures	723,974.05
Refund of Prior Years Revenue	<u>17,055.09</u>
Total Expenditures	<u>16,712,404.73</u>
Excess(deficit) in Revenues	<u>838,063.43</u>
<u>FUND BALANCE</u>	
Balance - January 1	<u>3,172,482.65</u>
	4,010,546.08
Decreased by:	
Utilized in Sewer Operating Budget	<u>1,100,000.00</u>
Balance - December 31	<u>\$ 2,910,546.08</u>

Note: See Notes to Financial Statements

Exhibit - D-2

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance - December 31, 2011	\$	706.38
Balance - December 31, 2012	\$	<u>706.38</u>

Exhibit - D-3

SEWER UTILITY ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance - December 31, 2011	\$	467.10
Balance - December 31, 2012	\$	<u>467.10</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Operating Fund Balance			
Anticipated	\$ 1,100,000.00	\$ 1,100,000.00	
Sewer Rents	14,473,731.88	14,473,731.88	
Sewer Connection Fees	582,000.00	373,637.25	(208,362.75)
Additional Sewer Rents -Interlocal	592,700.00	417,776.06	(174,923.94)
Miscellaneous	<u>140,000.00</u>	<u>121,952.64</u>	<u>(18,047.36)</u>
	<u>\$ 16,888,431.88</u>	<u>\$ 16,487,097.83</u>	<u>\$ (401,334.05)</u>

Analysis of Realized

Revenues:

Sewer Rents:

Sewer Rents Receivable	\$	13,193,445.85
Additional Sewer Rents -Interlocal		370,115.77
Sewer Rent Liens		66,093.93
Overpayments Applied		3,521.48
Prepaid Sewer Rents		<u>1,214,192.10</u>
	<u>\$</u>	<u>14,847,369.13</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - D-5

SEWER UTILITY OPERATING FUND
STATEMENT EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 4,446,258.00	\$ 4,446,258.00	\$ 3,961,955.09		\$ 484,302.91	
Other Expenses	5,098,505.00	5,098,505.00	4,407,261.56	403,338.05	287,905.39	
Group Insurance Plan for Employees	2,647,745.95	2,647,745.95	2,647,745.95			
Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	235,428.50	235,428.50	235,428.50			
Other Insurance and Surety Bond Premiums	99,965.00	99,965.00	99,965.00			
Capital Improvements:						
Capital Outlay	310,000.00	310,000.00	61,808.83	110,153.98	138,037.19	
Debt Service:						
Payment of Bond Principal	1,578,000.00	1,578,000.00	1,578,000.00			
Interest on Bonds	1,359,847.00	1,359,847.00	1,231,554.06			128,292.94
Interest on Notes	321,597.00	321,597.00	265,031.84			56,565.16
EIT Loan Principal	24,477.09	24,477.09	18,137.66			6,339.43
Eit Loan Interest	4,532.36	4,532.36	2,647.65			1,884.71
Operating Deficit TY 2010	38,101.93	38,101.93	38,101.93			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	387,837.00	387,837.00	387,837.00			
Social Security System (O.A.S.I.)	336,137.05	336,137.05	310,621.18		25,515.87	
Total Sewer Utility Appropriations	\$ 16,888,431.88	\$ 16,888,431.88	\$ 15,246,096.25	\$ 513,492.03	\$ 935,761.36	\$ 193,082.24
Disbursed			\$ 13,708,760.77			
Deferred Charges			38,101.93			
Accrued Interest on Bonds			1,499,233.55			
			<u>\$ 15,246,096.25</u>			

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

Note 1: FORM OF GOVERNMENT

The Township is managed under the Mayor - Council form of government authorized under Plan F of the "Faulkner Act of 1950". This form of government, adopted in 1976 by Township voters, provides for the direct election of the Mayor and five council members for four-year terms. This form of government provides for the administrative function of government under the Mayor, supported by a Business Administrator and various department heads and for the legislative function under the Township Council.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the basic financial statements of the Township of Hamilton include every board, body or officer supported and maintained wholly or in part by funds appropriated by the Township of Hamilton, as required by N.J.S.A. 40A:5-5. Accordingly, the basic financial statements the Township of Hamilton do not include the operations of the municipal library, first aid organizations, fire districts or economic development commission.

B. Description of Funds

The accounting policies of the Township of Hamilton conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hamilton accounts for its financial transactions through the following separate funds:

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A.. 40A:4-39, the financial transactions of the Housing and Community Development Act of 1974 funds are reported within the Trust Fund. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Dog License Trust Fund
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Affordable Housing Fund
- Other Dedicated Funds

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (cont'd)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. Debt obligations authorized in conjunction with the Township's conversion to the state's fiscal year are also accounted for in the General Capital Fund.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Bond and Interest Fund - status of funds transferred to separate accounts for the purpose of paying matured bonds and notes, together with interest thereon.

Governmental Fixed Assets - the Governmental Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. All governmental fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. No depreciation is recorded on governmental fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The current format for governmental financial reporting was established in GASB Statement 34, "Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments". The minimum requirements for general purpose external financial statements include:

1. Management's Discussion and Analysis
2. Financial Statements:
 - a. Government-wide financial statements
 - b. Fund Financial Statements
 - c. Notes to Financial Statements
3. Required Supplementary Information

Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles. This structure for external financial reporting differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus.

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of Management's Discussion and Analysis and government-wide financial statements, which are not presented in the accompanying regulatory basis financial statements prepared in accordance accounting principles prescribed by the Division. The other more significant differences between the reporting of Fund Financial Statements under GAAP and the regulatory basis are as follows:

Revenues - Revenues are recorded as received in cash except for regulatory reimbursements and grant funds which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves.

These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of sewer utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e. accumulations of earned but unused vacations and sick leave, are recorded in the period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise fund (Sewer Utility Fund), on a full accrual basis. Expenditures for the costs of post-employment benefits other than pensions (other post-employment benefits or "OPEB") are recorded in the accounting period in which the payments are made. GAAP requires recognition of the actuarially determined estimated OPEB cost during the employment period of each employee, during which any OPEB benefit is earned.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting and Measurement Focus (cont'd)

For the purposes of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library's financial position and operating results would be incorporated in the Township's financial statements.

Compensated Absences - The Township has adopted a written policy procedure manual which sets forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP normally requires such property to be recorded only in the government-wide statement of net assets at the lower of cost or fair market value.

Self Insurance Reserves - Charges to self insurance reserves are recorded when payments of claims and related expenses are made. Increases to self insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self insurance funds not exceed the amount determined.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting and Measurement Focus (cont'd)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds, with the exception of equipment acquired by the H.U.D. Housing Assistance Fund which is capitalized. The H.U.D. Housing Assistance Fund does not record depreciation on fixed assets. Property and equipment acquired by the Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonment's. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvement and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Budgets and Budgetary Accounting – an annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditure. Budget amounts presented in the accompanying financial statements represent amounts adopted by the township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

Grants and Awards – The Township receives federal and state grants, awards and financial assistance. The amounts received and expended are reported in the various funds as follows:

Current Fund – Grant, award and assistance programs that support the general operations of the Township, and any program not reported elsewhere.

Trust Fund – Programs for which the Township has received state approval for reporting as dedicated trust funds.

Capital Funds – Programs which represent funding sources for capital projects established by ordinance.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting and Measurement Focus (cont'd)

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those investments.

Long-term Debt: The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 65, "Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities" in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

GASB issued Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62" in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

GASB issued Statement No. 67, "Financial Reporting for Pension Plans", and amendment to GASB Statement No. 25 in June 2012. The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assess accountability.

GASB issued Statement NO 68, "Accounting and Financial Reporting for Pensions: which amends GASB Statement No. 27. The objective of the Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations in January 2013. This Statement establishes account and financial reporting standards related to government combinations and disposals of government operations.

The Township does not prepare its financial statements in accordance with generally accepted accounting principles in the United States of America. The adoption of these new standards will not adversely effect the reporting of the Township's financial condition.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting and Measurement Focus (cont'd)

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

Comparative Data

Comparative data for the prior year has not been shown in the financial statements of the Township of Hamilton.

Note 3: DEFERRED COMPENSATION PLAN

The Township of Hamilton, County of Mercer Deferred Compensation Plan was established pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing contractor to administer the plan.

The Township passed a resolution amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation which was deferred under the plan to remain the assets of the employer. The Plan amendment specifies that Plan assets are to be held “for the exclusive benefit of Plan participants and their beneficiaries”. Accordingly, the financial statements of the Plan are not included in the Township’s financial statements for the year ending December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>2012</u>	MEMORANDUM ONLY <u>2011</u>
<u>Issued:</u>		
General:		
Bonds & Notes	\$66,730,658.00	\$55,454,000.00
Green Trust Prog. Loans	451,549.46	494,302.53
Infrastructure Loan	3,797,579.96	4,061,412.69
Trust Assessment:		
Bonds & Notes	1,413,000.00	1,523,000.00
Sewer Utility:		
Bonds & Notes	46,497,000.00	48,075,000.00
Infrastructure Loan	<u>439,069.69</u>	<u>463,546.63</u>
 Total Debt Issued	 <u>119,328,857.11</u>	 <u>110,071,261.85</u>
 Less:		
Funds Temp. Held to Pay		
Bonds or Notes:		
General		
Sewer Util. - General	<u>450,945.14</u>	<u>277,595.60</u>
	<u>450,945.14</u>	<u>277,595.60</u>
 Net Debt Issued	 <u>118,877,911.97</u>	 <u>109,793,666.25</u>
 <u>Authorized but not Issued:</u>		
General:		
Bonds & Notes	23,045,536.40	15,928,194.40
Assessment:		
Bonds & Notes	95.00	95.00
Sewer Utility:		
Bonds & Notes	<u>14,999,631.40</u>	<u>14,372,271.67</u>
 Total Authorized but not Issued	 <u>38,045,262.80</u>	 <u>30,300,561.07</u>
 Net Bonds & Notes Issued and Authorized but not Issued	 <u>\$156,923,174.77</u>	 <u>\$140,094,227.32</u>

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2012:

	<u>2012</u>	MEMORANDUM ONLY <u>2011</u>
<u>General Debt</u>		
\$5,595,000 General Improvement Bonds (Pension Series) of 2003, due in annual installments of \$35,000 through \$575,000 through July 15, 2023, interest at 3.00% through 5.50%.	4,680,000.00	4,865,000.00
\$28,364,000 General Improvement Refunding Bonds of 2006 due in annual installments of \$125,000 through \$2,123,000 through August 1, 2025, interest at 4.00% through 4.125%.	21,875,000.00	23,147,000.00
\$5,041,000 General Improvement Refunding Bonds of 2009 due in annual installments of \$346,000 through \$1,130,000 through August 1, 2025, interest at 1.125% through 3.859%.	1,410,000.00	2,530,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments of \$850,000 through \$1,700,000 through Feb. 1, 2022, interest at 2.50% through 3.25%.	16,016,000.00	16,866,000.00
Green Trust Loans:		
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	62,042.72	67,916.98
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	247,226.31	270,633.86
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	142,280.43	155,751.69
\$1,435,000 Infrastructure Loan, due in annual installments of \$50,000 through \$110,000 through August 1, 2025 interest at 4.00% to 4.375%	1,105,000.00	1,165,000.00
\$4,028,778 Infrastructure Loan, Principal Only - due in semi-annual installments of \$4,408.24 to \$205,928.29 through August 1, 2026.	2,692,579.96	2,896,412.69

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. <u>Summary of Municipal Debt for Capital Projects (Cont'd.)</u>	MEMORANDUM ONLY	
<u>General Debt (cont.d):</u>		
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 15, 2013, interest rate of 2.00%	8,046,000.00	8,046,000.00
Bond Anticipation Notes, date of original issue November 20, 2012, due date June 30, 2013, interest rate of 1.00%	14,703,658.00	
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through Feb. 1, 2025, interest at 3.00% through 3.625%.	<u>1,413,000.00</u>	<u>1,523,000.00</u>
Total General Debt	<u>72,392,787.42</u>	<u>61,532,715.22</u>
<u>Utility Debt</u>		
\$22,815,000 Sewer Utility Bonds of 2005, due in annual installments of \$227,000 through \$2,008,000 through August 1, 2009 interest at 4.00% through 4.25%.	20,392,000.00	21,169,000.00
\$4,320,000 Sewer Utility Refunding Bonds of 2005, due in annual installments of \$41,000 through \$381,000 through August 1, 2009 interest at 4.60% through 4.25%	3,866,000.00	4,012,000.00
\$2,175,000 Sewer Utility Refunding Bonds of 2009, due in annual installments of \$275,000 through \$510,000 through September 1, 2014 interest at 1.125% through 4.00%	400,000.00	910,000.00
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$145,000 through \$287,000 through March 1, 2035 interest at 2.50% through 4.30%	4,852,000.00	4,997,000.00
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.50%	2,300,000.00	2,300,000.00
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.25%	14,687,000.00	14,687,000.00
\$126,650.65 Infrastructure Loan, due in annual installments of \$5,425.45 through \$8,841.65 through August 1, 2029 interest at 4.00% to 4.375%	115,766.11	121,225.20
\$355,000 Infrastructure Loan, Principal Only - due in semi-annual installments of \$19,017.85 through August 1, 2029	<u>323,303.58</u>	<u>342,321.43</u>
Total Utility Debt	<u>46,936,069.69</u>	<u>48,538,546.63</u>
Total Debt Issued and Outstanding	<u>\$119,328,857.11</u>	<u>\$110,071,261.85</u>

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D)

B. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding

SFY Year	<u>GENERAL*</u>		<u>SEWER UTILITY</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2013	\$3,524,109.13	\$1,790,683.28	\$1,452,523.89	\$1,202,931.42	\$4,976,633.02	\$2,993,614.70
2014	4,383,191.74	1,654,850.73	1,922,587.21	1,147,872.10	6,305,778.95	2,802,722.83
2015	3,809,673.97	1,502,828.20	1,782,673.53	1,073,914.78	5,592,347.50	2,576,742.98
2016	3,959,616.60	1,370,868.77	1,847,783.25	1,005,035.06	5,807,399.85	2,375,903.83
2017	4,073,051.13	1,233,363.03	1,913,914.71	933,458.60	5,986,965.84	2,166,821.63
2018	4,198,664.38	189,332.23	1,984,066.26	859,247.06	6,182,730.64	1,048,579.29
2019	4,337,563.88	937,182.58	2,059,232.59	782,042.60	6,396,796.47	1,719,225.18
2020	4,469,933.56	802,965.22	2,149,415.92	697,114.26	6,619,349.48	1,500,079.48
2021	4,419,093.80	612,967.92	2,234,616.82	608,533.98	6,653,710.62	1,221,501.90
2022	4,526,855.55	450,415.49	2,319,832.61	516,266.95	6,846,688.16	966,682.44
2023	2,940,447.08	311,783.31	2,420,068.40	420,101.80	5,360,515.48	731,885.11
2024	2,454,592.07	188,400.11	2,515,322.22	319,599.85	4,969,914.29	507,999.96
2025	2,546,336.53	94,253.13	2,625,592.48	214,740.84	5,171,929.01	308,993.97
2026			246,880.32	104,989.25	246,880.32	104,989.25
2027			252,186.95	96,198.24	252,186.95	96,198.24
2028			262,512.90	86,812.92	262,512.90	86,812.92
2029			277,859.63	76,766.32	277,859.63	76,766.32
2030			260,000.00	66,036.00	260,000.00	66,036.00
2031			270,000.00	55,104.75	270,000.00	55,104.75
2032			285,000.00	43,408.50	285,000.00	43,408.50
2033			290,000.00	31,046.00	290,000.00	31,046.00
2034			290,000.00	18,576.00	290,000.00	18,576.00
2035			287,000.00	6,170.50	287,000.00	6,170.50
TOTAL	\$49,643,129.42	\$11,139,894.00	\$29,949,069.69	\$10,365,967.78	\$79,592,199.11	\$21,505,861.78

*The general debt includes the debt of the trust assessment fund.

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Summary of Statutory Debt Condition - Annual Debt Statements

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of:

2012

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$42,570,000.00	\$42,570,000.00	\$
Sewer Utility Debt	66,314,680.64	66,314,680.64	
General Debt	<u>87,384,557.99</u>		<u>87,384,557.99</u>
	<u>\$196,269,238.63</u>	<u>\$108,884,680.64</u>	<u>\$87,384,557.99</u>

Net Debt \$87,384,557.99 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,050,138,527 = 0.966 %.

EQUALIZED VALUATION BASIS

2010 Equalized Valuation Basis of Real Property	\$9,803,644,360.00
2011 Equalized Valuation Basis of Real Property	9,094,338,898.00
2012 Equalized Valuation Basis of Real Property	<u>8,252,432,323.00</u>
Average Equalized Valuation	<u>9,050,138,527.00</u>

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal Net Debt	316,754,848.45
	<u>87,384,557.99</u>
Remaining Borrowing Power	<u><u>\$229,370,290.46</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

2011

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District			
Debt	\$44,300,000.00	\$44,300,000.00	\$
Sewer Utility Debt	62,447,271.67	62,447,271.67	
General Debt	<u>77,444,504.67</u>		<u>77,444,504.67</u>
	<u>\$184,191,776.34</u>	<u>\$106,747,271.67</u>	<u>\$77,444,504.67</u>

Net Debt \$77,444,504.67 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended \$9,765,106,287.33 = 0.79 %.

EQUALIZED VALUATION BASIS

2009 Equalized Valuation Basis of Real Property	\$10,397,335,604.00
2010 Equalized Valuation Basis of Real Property	9,803,644,360.00
2011 Equalized Valuation Basis of Real Property	<u>9,094,338,898.00</u>

Average Equalized Valuation	<u>9,765,106,287.33</u>
-----------------------------	-------------------------

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal	341,778,720.06
Net Debt	<u>77,444,504.67</u>
Remaining Borrowing Power	<u><u>\$264,334,215.39</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND REGULATORY DEBT CONDITION (CONT'D.)

C. Summary of Regulatory Debt Condition - Annual Debt Statements

Guaranty of Bonds or Notes of the Mercer County Improvement Authority (M.C.I.A.)

On December 15, 1993, the Hamilton Township Board of Education entered into a lease agreement with the M.C.I.A. under which the M.C.I.A. would provide facilities to the Board of Education and finance the costs of these facilities through the issuance of project revenue bonds. The agreement requires annual lease rental payments to the M.C.I.A. equal to debt service requirements and certain administrative expenses. In order to provide inducement to the prospective purchasers of these bonds, which were dated December 15, 1993, issued in the aggregate principal amount of \$11,000,000.00 and mature on December 15 in each of the years from 1995 through 2014 in various amounts, the Township, by ordinance, authorized its unconditional guaranty of the principal, redemption premium, if any, and interest on these project revenue bonds. Pursuant to the provisions of N.J.S.A. 40:37A-80, the principal amount of these bonds has been included in general gross debt and deductions in the calculation of the Township's regulatory debt condition, in the amount of \$2,360,000 which represents the outstanding balance at December 31, 2012.

Green Trust Program Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection for Green Trust Program Loans under the provisions of the New Jersey Green Acres Bond Act of 1983 (Ch. 354, Laws of 1983), and the Green Acres Bond Act of 1978 (Ch. 444, Laws of 1979). Two separate agreements, dated July 15, 1985 and August 27, 1986, provided for the acquisition of land known as the Sayen Tract and Homestead Gardens Tract, respectively, for recreational purposes. During SFY 2002 the Township of Hamilton contracted with the State of New Jersey, Department of Environmental Protection for additional Green Trust Program Loans. Information relating to these loans is as follows:

	<u>PEARSON FARM</u>	<u>VETERANS PARK EXTENSION</u>
Date of Loan Agreement	June 4, 2002	June 4, 2002
Loan Amount	\$115,841.25	\$461,600.00
Interest Rate	2.00%	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	\$ 7,203.38	\$ 28,703.76
Due Dates	Mar. 6 & Sep. 6	Mar. 6 & Sep. 6
Number of Payments	39	39
Final Payment	March 6, 2022	March 6, 2022

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND REGULATORY DEBT CONDITION (CONT'D.)

C. Summary of Regulatory Debt Condition - Annual Debt Statements

Green Trust Program Loans (Cont'd.):

	<u>TYNDALE FARM</u>
Date of Loan Agreement	June 4, 2002
Loan Amount	\$265,655.00
Interest Rate	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	\$ 16,519.28
Due Dates	Mar. 6 & Sep. 6
Number of Payments	39
Final Payment	March 6, 2022

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$451,541.46 has been included in the calculation of the Township's regulatory debt condition.

Department of Environmental Protection
Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred in the acquisition of open space in the Township of Hamilton and the purchase of Hi-Rate Clarifiers.

	<u>Loan #1</u>	<u>Loan #2</u>
Draw Down Date	8/1/2006	8/1/2006
Loan Amount	\$1,435,000.00	\$4,028,778.00
Interest Rates	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	39	39
Final Payment Date	Aug. 1, 2025	Aug. 1, 2025
	<u>Loan #3</u>	<u>Loan #4</u>
Draw Down Date	2/18/2010	2/18/2010
Loan Amount	\$126,650.65	\$355,000.00
Interest Rates	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	39	39
Final Payment Date	Aug. 1, 2029	Aug. 1, 2029

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$4,236,649.65 has been included in the calculation of the Township's regulatory debt condition.

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND REGULATORY DEBT CONDITION (CONT'D.)

C. Summary of Regulatory Debt Condition - Annual Debt Statements

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

2012

Cash Receipts from Fees, Rents or Other Charges for Year	\$16,487,097.83
Deductions:	
Operating and Maintenance Costs	13,289,978.43
Debt Service per Sewer Accounts	<u>3,095,371.21</u>
Total Deductions	<u>16,385,349.64</u>
Excess in Revenues	<u>\$101,748.19</u>

2011

Cash Receipts from Fees, Rents or Other Charges for Year	\$16,734,433.03
Deductions:	
Operating and Maintenance Costs	12,635,844.50
Debt Service per Sewer Accounts	<u>2,839,747.36</u>
Total Deductions	<u>15,475,591.86</u>
Excess in Revenues	<u>\$1,258,841.17</u>

The difference between the deficit in revenues for debt statement purposes and the excess in revenues on a cash basis for the Sewer Utility Fund is as follows:

2012

Excess in Revenues - Cash Basis (D-1)	\$838,063.43
Add: Capital Improvements	310,000.00
Other Debits to Income	<u>17,055.09</u>
	1,165,118.52
Deduct: Other Credits to Income	<u>1,063,370.33</u>
Excess in Revenues per Debt Statement	<u>\$101,748.19</u>

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND REGULATORY DEBT CONDITION (CONT'D.)

C. Summary of Regulatory Debt Condition - Annual Debt Statements (Cont'd.)

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45) (Cont'd):

2011

Excess in Revenues - Cash Basis (D-1)	\$1,707,908.49
Add: Capital Improvements	<u>310,000.00</u>
	2,017,908.49
Deduct: Other Credits to Income	<u>759,067.32</u>
Excess in Revenues per Debt Statement	<u>\$1,258,841.17</u>

Note 5: GOVERNMENTAL FIXED ASSETS

Capital asset activity for the year ended Dec. 31, 2011 was as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land/Buildings	\$44,593,457.00			\$44,593,457.00
Equipment	756,268.54	253,074.35		1,009,342.89
Vehicles	<u>13,924,399.86</u>	<u>2,772,411.67</u>	<u>0.00</u>	<u>16,696,811.53</u>
Total	<u>\$59,274,125.40</u>	<u>\$3,025,486.02</u>	<u>\$0.00</u>	<u>\$62,299,611.42</u>

The Governmental Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. All governmental fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. No depreciation is recorded on governmental fixed assets.

NOTES TO FINANCIAL STATEMENTS

Note 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012 and December 31, 2011 were appropriated and included as anticipated revenue in their own respective funds for the State Fiscal Year (SFY) Budget ending June 30, as follows:

	Fund Balance Dec. 31, 2012	Appropriated 2013	Fund Balance Dec. 31, 2011	Appropriated 2012
Current Fund	\$5,575,215.94	\$4,500,000.00	\$9,138,022.66	\$7,000,000.00
Sewer Utility Fund	2,910,546.08	1,065,442.75	3,172,482.65	1,100,000.00

Note 7: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings And Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.):

Deposits (cont'd.)

At December 31, 2012, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2012</u>
Cash (Demand Accounts)	\$50,717,044.78
Change Funds (On-Hand)	<u>1,760.00</u>
Total	<u>\$50,718,804.78</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposits and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$50,717,044.78 and the book balance was \$50,718,103.12. Of the bank balance, \$1,000,246.86 was covered by Federal Depository Insurance and \$49,716,797.92 was covered under the provisions of GUDPA.

At Dec. 31, 2012, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but no in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.):

Deposits (cont'd.)

- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy. The New Jersey Cash Management Fund is not rated.
- (d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2012, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township's bank balance was considered exposed to custodial credit risk.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor,
4. Bonds or other obligation of the Township or bonds or other obligations of school districts of which the Township is a part and within the school district is located,
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c.281 (C.52:18A-90.4); or

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.):

8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund – all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments' existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remain unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

NOTES TO FINANCIAL STATEMENTS

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D):

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector twice annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14. The regulatory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

Accelerated Tax Sale

Commencing with the year ended June 30, 2003 the Township of Hamilton held an accelerated tax as allowed by Chapter 99, P.L. 1996. An accelerated tax sale must be held for each subsequent year to keep tax revenues and cash flows consistent from year to year. The tax sale was held on December 19, 2012.

Note 9: PENSION AND RETIREMENT PLANS

Employees of the Township of Hamilton are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of the Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plans are not available. The contributions for the year ended December 31, 2012 exclusive of contributions from employees were \$2,593,212 and for PERS and \$4,258,066 for PFRS. The contributions for PERS and PFRS for 2013 are \$3,056,848 and \$4,381,101, respectively.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

NOTES TO FINANCIAL STATEMENTS

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS

The Township of Hamilton provides its retirees with health benefits which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. There are currently 972 retirees enrolled in health benefits programs, which are fully funded by the Township. Under GASB #45 the Township is required to report a liability in the notes for payment of health benefits to retirees.

The Township provides health benefits through its group insurance plan to certain retirees and their dependents, as follows:

The former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if:

1. he or she has 25 or more years of continuous service within the Public Employees Retirement Fund of the Police and Fireman's Retirement Fund

At December 31, 2012, approximately 338 retirees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of approximately \$13,160,270.

This is the third year the Township is disclosing its postemployment healthcare plan benefit costs based upon the implementation requirements of GASB Statement 45.

The contribution requirements of plan members and the participating agencies are established and may be amended by the through the collective bargaining process or by action of the Mayor and/or Township Council. The Township's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the plan and the Township's net OPEB obligation. For 2012, the Township's annual OPEB cost (expense) (GAAP Basis) of \$24,220,000 was equal to the ARC.

	<u>Total</u>
Net OPEB obligation – beginning of year	\$39,340,000
Annual required contribution (ARC)	24,760,000
Interest on OPEB obligation	1,770,000
Adjustment to annual required contribution	(2,310,000)
Less: Contributions	<u>2,970,000</u>
Net OPEB obligation – end of year	<u>\$60,590,000</u>

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS (CONT'D):

The funded status of the plan for the Township as of December 31, 2012, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$278,580,000
Actuarial value of plan assets	<u>- 0 -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$278,580,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$49,110,000
UAAL as a percentage of covered payroll	567%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT

A. Garden State Municipal Joint Insurance Fund

On February 1, 2002 the Township joined the Garden State Municipal Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as the procurement of cost effective excess insurance coverage.

Summary of Risk Management Program

The GSMJIF Provides the following coverages to its participants:

1. Workers Compensation

The Fund covers regulatory less various members' self-insured retention (SIR).
The minimum Fund retention shall be \$500,000.

Employers Liability covers \$15,000,000 less various members SIR. The minimum Fund retention shall be \$250,000.

2. General Liability

The Fund covers \$15,000,000.00 Combined Single Limit (CSL) excess of the funds \$250,000 (subject to annual aggregate limits)

The minimum Fund retention for all general liability coverage shall be \$250,000.

3. Auto Liability

The Fund covers Automobile Liability and Property Damage claims in the Fund's excess General Liability limit except that Automobile Liability claims that penetrate the excess of \$250,000 layer are not subject to an aggregate limit.

The Fund provides PIP limits of NJ Statutory amounts.

The Fund does provide excess Uninsured/Underinsured Motorist Coverage.
\$15,000/\$30,000/\$5,000

3. Property

The Fund has purchased property insurance with total limits of \$50,000,000 and boiler and machinery coverage at limits of \$100,000,000, subject to a members' deductible of \$25,000 and a Fund retention of \$25,000.

4. Public Officials Liability ("POL")

The Fund covers \$10,000,000 in the aggregate on an occurrence basis per member municipality for each fund year. Township Retention \$10,000.

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT (CONT'D)

A. Garden State Municipal Joint Insurance Fund (cont'd)

5. Employment Practices Liability (EPL)

The Fund covers \$10,000,000 in the aggregate on an occurrence basis per member local unit for each Fund year.

The minimum Fund retention for EPL shall be \$150,000. Township retention \$10,000.00 plus 20%.

The Township's self-insured risk or deductible for coverages provided through the GSMJIF are as follows:

1. Workers Compensation: \$25,000 S.I.R.
2. Liability: \$25,000 S.I.R.*
3. Auto: \$1,000 Deductible (Qualified Vehicles Only)

The Garden State Municipal Joint Insurance Fund, issues publicly available financial reports that include the financial statements and required supplementary information for insurance. The financial reports may be obtained by writing to the Garden State Municipal Joint Insurance Fund, 900 Route 9 North, Suite 503, Woodbridge, New Jersey, 07095-1003.

B. Pre 2002 Risk Management

Effective for calendar year 1981, in response to rising premiums for traditional risk transfer insurance coverage, the Township instituted a self-insurance risk management program for claims relating to Worker's Compensation, General Liability and Automobile Liability. For loss years 1981 through 1985, the Township obtained reinsurance coverage and umbrella coverage which limited the Township's risk retention to \$100,000 per occurrence and \$375,000 annual aggregate (stop-loss). Based on non-utilization of these coverages, and in response to prohibitive premiums for diminished coverage, the Township dropped these coverages for 1986 and subsequent periods and retains all risks associated with these coverages. The Township re-instituted reinsurance coverage beginning on July 1, 1998. Risk retention was limited to \$100,000 per claim and \$300,000 annual aggregate, in total, up to a maximum of \$5,000,000. The Township engaged an outside claims service bureau to serve as Fund Administrator. Reserves are established by the administrator for estimated benefits and expenses for reported claims.

The Township currently operates a risk management program, which included a significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose. At the end of 2012 there were 81 open cases with a reserve amount of \$836,315.89,

Note 11: RISK MANAGEMENT (CONT'D.)

B. Pre -2002 Risk Management (cont'd)

The status of the Township's Self-Insurance Cash Reserves is as follows:

2012

	Township Cash <u>Reserves</u>
Worker's Compensation	\$4,715.91

Changes in Township Cash Reserves during 2012 were as follows:

	<u>CHANGE IN CASH RESERVES</u>
Cash Reserves – December 31, 2011	\$15,659.15
Add: Interest	<u>9.76</u>
Less: Claims	<u>10,953.00</u>
Cash Reserves December 31, 2012	<u>\$4,715.91</u>

C. Employee Health Benefits

The Township has contracted with CIGNA for the provision of health and prescription to eligible Township employees. The financial arrangements with the insurer provide for payments of administrative fees, excess insurance premiums and actual claims costs, subject to the established self-insured limits. The contract has an individual pooling point of \$300,000. Any claims on an individual over \$300,000 paid in the contract year (7/1 to 6/30) are reimbursed by CIGNA and not charged to the Township. There is also an aggregate limit each year based on enrollment. That amount as of June 30, 2012 for the 11/12 contract year was \$13,833,837. The individual and aggregate protection is unlimited. Claim amounts above the \$300,000 individual pooling point are not recoverable by CIGNA. Contractual amounts above the aggregate limit are limited to 15% and can be recovered in future years if paid claims are less than the aggregate limit. At December 31, 2012 the estimated IBNR is \$3,160,471. As of December 31, 2012 the Insurance Trust Reserves had a balance of \$193,105.07 available to pay claims.

NOTES TO FINANCIAL STATEMENTS

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Township of Hamilton has adopted a written Policy Procedure Manual, which sets forth the terms under which an employee may accumulate unused benefits. General Policy is as follows:

Sick Leave - Sick leave for permanent employees accumulates at the rate of one and one quarter (1 1/4) days per month. Any amount of sick leave allowance not used in a calendar year shall accumulate to the employee's credit from year to year to be used if and when needed. Employees having accumulated ten or more of their sick days in a given year have the option to be paid five days wages in lieu of carrying over five of their sick days. Upon normal retirement, or death subsequent to filing for retirement, employees are entitled to receive a lump sum payment as supplemental compensation for each full day of earned and unused accumulated sick leave which is credited to him on the effective date of his retirement. Employees who elect a deferred retirement benefit are not eligible for this supplemental compensation payment. Lump sum payments to management employees shall not exceed \$21,000.00.

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Vacation days shall be taken during the current year and shall not accumulate, except that vacation time may be carried over to the next succeeding year only (maximum twenty days). An employee who has separated his/her employment shall be entitled in time or in pay to any earned vacation accumulated and not previously used (maximum thirty days for upper-level supervisors and management).

The Personnel Division maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. An estimate of the current cost of such unpaid compensation has been made by the Township in the amount of \$13,160,270.17. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2012, and has not been discounted to reflect the estimated termination payments anticipated by the township. Termination payments are subject to eligibility requirements and payment caps as discussed above. No amounts have been reported as expenditures for any accumulations earned by employees during the current year or any prior periods. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

Note 13: INTERFUNDS

The following Interfund balances remain on the balance sheet at December 31, 2012:

<u>Fund:</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$30,799.49	\$10,573.08
Grant Fund	75,762.17	
Trust Assessment Fund		17,758.05
Animal Control Fund		7,979.72
Trust Other Fund		300,000.00
CDBG Trust Fund		5,061.72
Sewer Operating Fund		173,349.54
Sewer Capital Fund	173,349.54	
General Capital	<u>300,000.00</u>	<u>65,189.09</u>
Total	<u>\$579,911.20</u>	<u>\$579,911.20</u>

NOTES TO FINANCIAL STATEMENTS

Note 14: CONTINGENT LIABILITIES

A. Pending or Threatened Litigation

As at the date of this report, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation, automobile and liability insurance policy coverages. As more fully described in Note 10, the Township currently manages its risks through participation in the Garden State Municipal Joint Insurance Fund. For GSMJIF covered claims incurred subsequent to February 1, 2002, there are no claims currently outstanding that are anticipated to exceed the combined coverages provided by the GSMJIF through self-insured retention and excess insurance coverages. The Township provides for its self-insured risk retention on GSMJIF covered claims through an annual budget appropriation.

Of the remaining litigation, there are several pending property tax appeals. The merits of this litigation and its potential effects cannot currently be ascertained.

B. Self Insured Risks for Employee Health Insurance

As the direct result of a significant increase in the value of claims made and INBR during 2012, the estimated value of IBNR claims at 12/31/12 of \$3,160,471 exceeded the amount of cash reserves to pay these claims by \$2.94 million. In response to this unbudgeted increase in cost of health insurance the Township has modified its risk management plan (see Note 16). The estimated shortfall in 2012 health insurance appropriations was raised as a component of the Township's 2013 budget.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Raised in</u> <u>2012</u>
Animal Control Fund:		
Deficit in Reserve	\$29,270.8	\$29,270.82
Sewer Utility Operating Fund		
Operating Deficit	38,101.93	38,101.93

NOTES TO FINANCIAL STATEMENTS

Note 16: SUBSEQUENT EVENTS

A. The following bond ordinances were authorized:

<u>Description</u>	<u>Bonds/Notes Authorized</u>
Various Sewer Utility Improvements	\$7,400,000
Various Capital Improvements	7,125,000

On April 30, 2013 the Township of Hamilton issued Pension Obligation Refunding Bonds in the amount of \$4,630,000, \$17,425,000 General Improvement Refunding Bonds and \$16,505,000 Sewer Utility Refunding Bonds at interest rates in varying amounts.

On June 13, 2013 the Township of Hamilton issued Bond Anticipation Notes in the amount of \$37,400,000 at an interest rate of .75% due on June 12, 2014.

On June 13, 2013 the Township of Hamilton issued Sewer Utility Bond Anticipation Notes in the amount of \$2,300,000 at an interest rate of 1.5% due on June 12, 2014.

B. Change in Risk Management Plan for Employee Health Benefits

Effective July 1, 2013, the Township revised its risk management plan for the provision of employee health benefits, by entering into a contract with Amerihealth New Jersey that provides for a full transfer of these risks. This contract also provides for a two-month "premium holiday" similar to that offered by the New Jersey State Health Benefits Plan.

**TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY**



**PART II
SINGLE AUDIT SECTION**

SINGLE AUDIT SECTION

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NEW JERSEY SOCIETY OF CPAs
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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**

Honorable Mayor and Members
of the Township Council
Township of Hamilton
County of Mercer, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Hamilton as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township of Hamilton’s financial statements and have issued our report thereon dated June 27, 2013. Our report was modified due to the departures from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, are embodied in the regulatory basis of accounting that is followed by the auditee.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

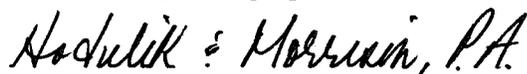
Compliance and Other Matters

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

We noted certain matters, including matters relating to the design of the Township's internal control over financial reporting, which we reported to the Township in the General Comments section of this report.

Purpose of this Report

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



HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
June 27, 2013

HODULIK & MORRISON, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members
of the Township Council
Township of Hamilton
County of Mercer, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of the Township of Hamilton, New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2012. The Township of Hamilton's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to it federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Hamilton's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Hamilton's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal and state program. However, our audit does not provide a legal determination on the Township of Hamilton's compliance..

Opinion on each Major Federal and State Program

In our opinion, the Township of Hamilton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Township of Hamilton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Hamilton's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hamilton's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
June 27, 2013

**SCHEDULES OF EXPENDITURES OF
FEDERAL & STATE AWARDS**

TOWNSHIP OF HAMILTON
COUNTY OF MERCER

Schedule A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Federal Grantor Program Title	Federal CFDA Number	State Account No.	Total Award	Grant Period	Cash Receipts	Expenditures	Cumulative Expenditures at December 31, 2012
Indirect Programs:							
Department of Justice, Office of Justice Programs:							
Justice Assistance Grant -ARRA	16.804	N/A	\$ 124,448.00	2011		30,180.00	142,183.20
Justice Assistance Grant	16.738	N/A	20,941.45	FY 2008		7,277.55	28,219.00
Justice Assistance Grant I	16.738	N/A	29,101.00	2012	16,000.00		
Department of Law and Public Safety:							
Child Passenger Safety	20.602	066-00-1160-100-113	4,250.00	2011	800.00	50.00	50.00
Emergency Management Grant	97.042	1200-100-066-1200-726-YEMR-612C	5,000.00	2009		221.06	3,536.77
Emergency Management Grant	97.042	1200-100-726	5,000.00	2012	5,000.00		
Driver Sober or Get Pulled Over	20.601	1160-100-057	5,000.00	2012	5,000.00 #		
Driver Sober or Get Pulled Over	20.601	1160-100-057	4,400.00	2012	4,400.00 #		
Public Assistance - Hurricane Irene	97.036	1160-100-137	1,186.50	2012	1,186.50	1,186.50	1,186.50
Over the Limit Under Arrest - Holiday	20.601	066-00-1160-100-113	5,000.00	FY 2010			4,362.50
Over the Limit Under Arrest	20.601	066-00-1160-100-113	4,400.00	TY2010			3,800.00
Over the Limit Under Arrest	20.601	066-00-1160-100-113	5,000.00	TY2010			311.00
Over the Limit Under Arrest	20.601	066-00-1160-100-113	5,000.00	2011	3,800.00		
Direct Programs:							
Department of Energy:							
Energy Efficiency and Conservation Block Grant - A.R.R.A.	81.128	N/A	835,300.00	FY 2010	114,324.52	103,045.10	401,487.39
Department of Homeland Security:							
Disaster Grants - Public Assistance - Hurricane Sandy	97.036	N/A	977,656.57	2012		977,656.57	977,656.57
Department of Housing & Urban Development Community Development Cluster:							
Community Development Block Grant	14.218	N/A	655,284.00	7/1/09-6/30/10		517,436.96	517,436.96
HUD Housing Section 8 Voucher Program	14.871	N/A	900,000.00	7/1/09-6/30/10		2,033,851.82	2,033,851.82
					<u>\$ 150,511.02</u>	<u>\$ 3,670,905.56</u>	<u>\$ 4,240,970.77</u>

Footnotes:

Grant/Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Awards.

The Township's federal grants are presented within the Township's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

N/A - Not Available

(1) Represents 75% of amount requested - \$1,303,542.09.

TOWNSHIP OF HAMILTON
COUNTY OF MERCER

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

State Grantor/Program Title	Total Award	State Account Number	Grant Year	Current Year Cash Receipts	Current Year's Program Expenditures	Total Program Expenditures
Department of Community Affairs:						
Recycling Tonnage Grant	203,681.77	4900-752-178840-60	2010		61,741.29	203,681.77
Recycling Tonnage Grant	382,672.16	4900-752-178840-60	2011		224,401.82	224,401.82
Recycling Tonnage Grant	127,500.13	4900-752-178810-60	2012	127,500.13		
Safe and Secure Communities	64,585.00	N/A	2011			
Smart Growth Planning Grant	10,000.00	N/A	2011	10,000.00		9,500.00
Sustainable New Jersey Grant	2,000.00	N/A	2012	2,000.00		25,000.00
Sustainable Land Use Planning Grant	2,500.00	N/A	2012			
Department of Health:						
Priority Health	29,711.00	4230-100-046-4L02-307-J002-6020	2010			29,117.00
Department of Environmental Protection:						
Clean Communities Program	145,048.95	4900-752-178840-60	2011		69,751.33	145,048.95
Clean Communities Program	142,745.32	4900-752-178840-60	2012	142,745.32	73,689.56	73,689.56
Department of Human Services:						
Mercer County Municipal Alliance (State Share)	78,731.00	N/A	2010			96,183.92
Mercer County Municipal Alliance (State Share)	98,414.00	N/A	2011	26,479.43	9,112.75	97,158.04
Mercer County Municipal Alliance (State Share)	98,414.00	N/A	2012	61,530.30	90,249.13	90,249.13

TOWNSHIP OF HAMILTON
COUNTY OF MERCER

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE TRANSITION YEAR ENDED DECEMBER 31, 2012

State Grantor/Program Title	Total Award	State Account Number	Grant Year	Current Year Cash Receipts	Current Year's Program Expenditures	Total Program Expenditures
Department of Law and Public Safety:						
Body Armor Fund	15,581.73	N/A	2011		1,405.95	1,405.95
Body Armor Fund	15,386.18	1020-718-001	2012	15,386.18		
Bullet Proof Vest Partnership	16,087.50	N/A	2011		9,227.25	12,648.25
Local Domestic Preparedness	100,000.00	1020-100-066-1020-354-YLDP-6120	2005		231.00	8,787.87
Safe and Secure Communities Program	55,415.00	1020-100-232-12	2012	55,415.00		
Enhanced 911 General Assistance Funding	90,923.00	N/A	2007			37,177.42
Alcohol Ed. & Rehabilitation Grant	9,823.00	9735-760-098-Y900-001-X100-6020	2010		4,800.00	8,100.00
Alcohol Ed. & Rehabilitation Grant	12,351.05	9735-760-098-Y900-001-X100-6020	2011			
Alcohol Ed. & Rehabilitation Grant	11,548.09	9735-760-098-Y900-001-X100-6020	2012	11,548.09		
Department of Transportation:						
Municipal Aid - Klockner	400,000.00	N/A	2009	3,847.85	8,000.00	400,000.00
Municipal Aid - Whitehorse Ham Sq Rd	300,000.00	6320-480-AKZ	2011	217,500.00	284,200.00	284,200.00
NJDOT Hughes Drive	400,000.00	N/A	2010			245,229.13
NJDOT Livable Communities E State Street	150,000.00	N/A	2008	22,454.25		
Safe Streets to Schools	100,000.00	06-480-078-6300-DDO-7310	2006	25,000.00		100,000.00
				<u>\$721,406.55</u>	<u>\$836,810.08</u>	<u>\$2,091,578.81</u>

N/A - Not Available

Footnotes:

Grant/Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Awards. Also, see paragraph on the accompanying schedules of federal awards and state financial assistance with respect to partial disclaimer of opinion, included within the independent auditor's report.

The Township's state grants are presented within the Township's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY

NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented using the cash basis of accounting which is different than the basis of accounting as described in Note 2 to the Township's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Unless specifically noted, the amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements.

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE REPORTS

Unless specifically noted, the amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports, where required.

NOTE 5: DISASTER GRANTS – PUBLIC ASSISTANCE – HURRICANE SANDY

Amounts reported as eligible reimbursable expenditures for Hurricane Sandy related costs are subject to additional audits by the DHS Office of the Inspector General and State auditors. Furthermore, amounts deemed eligible for reimbursement based upon these audits will be reduced by any insurance recoveries received by the Township. The amounts, if any, of potential insurance recoveries has not been determined.

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR DECEMBER 31, 2012

Section 1 – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified (OCBOA)

Internal Control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to general-purpose financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
97.036	Disaster Grants - Public Assistance - Hurricane Sandy
81.128	Energy Efficiency and Conservation Block Grant - ARRA

Dollar threshold used to distinguish between type A and B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ Yes X No

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER, NEW JERSEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Section 1 – Summary of Auditor’s Results (cont’d.)

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X Yes No

Type of auditor’s report issued on compliance for major programs: Unqualified (OCBOA)

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>State Account Number(s)</u>	<u>Name of State Program</u>
<u>078-05-6320-480-11</u>	<u>Departement of Transporation</u>
<u>4900-750-178810-60</u>	<u>Recycling Tonnage Grant</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED 'DECEMBER 31, 2012
(continued)

Section II – Financial Statement Findings

Significant Deficiencies(s):

None

Section III – Federal and State Awards Findings and Questioned Costs

None

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012

Finding 2011-01 stated that for the quarter ended December 31, 2011 the report for the Energy, Efficiency and Conservation Block Grant Award was not filed in a timely manner as required. All reports following December 31, 2011 that were required to be filed were done on a timely manner.

**TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY**



**PART III
OTHER SUPPLEMENTARY INFORMATION**

INDIVIDUAL FUND SUPPLEMENTARY SCHEDULES

SCHEDULE OF TAXES RECEIVABLE AND
ANALYSIS OF PROPERTY TAX LEVY
CURRENT FUND

Exhibit - A-4

YEAR	BALANCE DEC. 31, 2011	2012 LEVY	COLLECTIONS 2011	BY CASH 2012	SR. CITIZENS AND VETERANS DEDUCTION REIMBURSEMENT	TRANSFER TO TAX TITLE LIEN	HOMESTEAD REBATES	REMITTED AND CANCELLED	BALANCE DEC. 31, 2012
Prior Years	849,341.74			305,975.45	17,743.07	1,034.13		186,987.76	337,601.33
	849,341.74			305,975.45	17,743.07	1,034.13		186,987.76	337,601.33
2012		231,280,726.79	1,195,227.14	222,516,971.38	1,421,326.61	541,511.57	4,909,110.65	535,176.37	161,403.07
	<u>\$849,341.74</u>	<u>\$231,280,726.79</u>	<u>\$1,195,227.14</u>	<u>\$222,822,946.83</u>	<u>\$1,439,069.68</u>	<u>\$542,545.70</u>	<u>\$4,909,110.65</u>	<u>\$722,164.13</u>	<u>\$499,004.40</u>

Analysis of 2012 Property Tax Levy:

	<u>Ref.</u>	
Tax Yield:		
General Purpose		\$230,369,845.87
Omitted/Added Taxes (N.J.S.A. 54:4-63.1 et seq.)		<u>910,880.42</u>
		<u>\$231,280,726.29</u>
Tax Levy:		
Local District School Tax (Abstract)		98,041,074.50
County Tax (Abstract)		48,380,570.83
County Open Space		1,825,743.56
County Added & Omitted		225,564.17
Special District Taxes		20,043,357.00
Local Tax for Municipal Purposes		58,840,987.63
Local Tax for Library Purposes		3,037,370.00
Add: Additional Tax for Mun. Purposes		<u>886,058.60</u>
		<u>\$231,280,726.29</u>

* Detail on File in Tax Office

Exhibit - A-5

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

Balance - December 31, 2011		\$1,291,704.91
Increased by:		
Interest and Costs	19,539.18	
Transfers Other Accounts Receivable	42,362.34	
Transfer from Taxes Receivable	<u>542,545.70</u>	
		<u>604,447.22</u>
		1,896,152.13
Decreased by:		
Collections	<u>260,540.66</u>	
		<u>260,540.66</u>
Balance - December 31, 2012		<u><u>\$1,635,611.47</u></u>

Exhibit - A-6

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE
CURRENT FUND

Balance - December 31, 2011		\$75,671.53
Increased by:		
Billings	<u>179,727.42</u>	
		<u>179,727.42</u>
Decreased by:		255,398.95
Transferred to Tax Title Liens	42,362.34	
Collections	<u>174,835.77</u>	
		<u>217,198.11</u>
Balance - December 31, 2012		<u><u>\$38,200.84</u></u>

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	12/31/11	Taxes Levied	Cash Disbursements	12/31/12
County Taxes	\$ -	\$ 48,380,570.83	\$ (48,380,570.83)	\$ -
County - Open Space.....	-	1,825,743.56	(1,825,743.56)	-
County - Added & Omitted	810,011.82	225,564.17	(810,011.82)	225,564.17
Local School District Taxes		98,041,074.50	(99,461,282.00)	(1,420,207.50)
Fire Districts		20,043,357.00	(20,043,357.00)	-
Total	\$ 810,011.82	\$ 168,516,310.06	\$ (170,520,965.21)	\$ (1,194,643.33)

SCHEDULE OF 2011 APPROPRIATION RESERVES
CURRENT FUND

Exhibit - A-8
Page 1 of 3

	BALANCE DEC. 31, <u>2011</u>	ENCUMBERED DEC. 31, 2011	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operations Within "CAPS"					
Salaries and Wages:					
Office of the Mayor	\$9,290.70		\$9,290.70	\$6,113.32	\$3,177.38
Township Council	4,634.80		4,634.80	4,584.42	50.38
Office of the Township Clerk	15,741.69		15,741.69	5,660.86	10,080.83
Office of the Business Administrator	3,972.56		3,972.56	3,970.65	1.91
Division of Human Resources	4,678.22		4,678.22	4,052.01	626.21
Division of Budget and Purchasing	14,534.09		14,534.09	8,504.28	6,029.81
Office of Financial Admin.	6,497.47		6,497.47	5,205.38	1,292.09
Division of Assessments	5,964.53		5,964.53	5,964.53	
Division of Revenue Collection	32,571.83		32,571.83	12,737.86	19,833.97
Legal Services	7,800.27		7,800.27	4,431.20	3,369.07
Municipal Prosecutor	1,824.02		1,824.02	1,664.24	159.78
Municipal Court	63,971.48		63,971.48	19,238.25	44,733.23
Division of Engineering	10,333.96		10,333.96	9,287.85	1,046.11
Community Planning & Compliance	10,786.43		10,786.43	10,328.72	457.71
Zoning Board	4,349.19		4,349.19	1,438.49	2,910.70
Housing Inspections	1,637.09		1,637.09	1,637.09	
Uniform Construction Code	26,391.87		26,391.87	26,391.87	
Economic Development	31,994.96		31,994.96	7,541.32	24,453.64
Police Division/Dept. of Public Safety	652,993.49		652,993.49	411,701.58	241,291.91
Office of Public Works	123,577.55		123,577.55	74,231.85	49,345.70
Other Public Works	1,193.78		1,193.78	1,193.78	
Solid Waste Collection & Recycling	17,590.13		17,590.13	1,437.34	16,152.79
Maintenance of Motor Vehicles	51,806.59		51,806.59	20,787.57	31,019.02
Division of Buildings and Grounds	76,791.97		76,791.97	35,427.61	41,364.36
Maintenance of Parks	198,116.44		198,116.44	45,663.45	152,452.99
Citizens Response	62,948.19		62,948.19	4,539.78	58,408.41
Public Health Services	123,260.06		123,260.06	13,840.69	109,419.37
Environmental Health Services	30,024.11		30,024.11	6,441.50	23,582.61
Animal Control Services	28,614.25		28,614.25	5,211.51	23,402.74
Director of Recreation	27,176.93		27,176.93	8,790.87	18,386.06
Sr. Citizens Programs	48,562.04		48,562.04	6,179.01	42,383.03
Construction Board of Appeals	325.00		325.00		325.00
Cable Commission	400.00		400.00		400.00
Redevelopment Board	375.00		375.00		375.00

SCHEDULE OF 2011 APPROPRIATION RESERVES
CURRENT FUND

Exhibit - A-8
Page 2 of 3

	BALANCE DEC. 31, <u>2011</u>	ENCUMBERED DEC. 31, 2011	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Salaries and Wages(cont'd):					
Shade Tree Commission	175.00		175.00		175.00
Parks and Recreation Commission	325.00		325.00		325.00
Rent Leveling Board	150.00		150.00		150.00
Public Safety Commission	500.00		500.00		500.00
Special Needs Commission	500.00		500.00		500.00
Board of Public Officers	275.00		275.00		275.00
Other Expenses:					
Office of the Mayor	4,007.58	1,453.67	5,461.25	2,159.47	3,301.78
Township Council	840.19	186.95	1,027.14	4,481.88	-3,454.74
Office of the Township Clerk	1,711.87	483.21	2,195.08	872.11	1,322.97
Office of Business Administrator	8,345.41		8,345.41		8,345.41
Division of Human Resources	10,644.83	265.00	10,909.83	1,535.00	9,374.83
Training	18,062.97		18,062.97		18,062.97
Division of Budget and Purchasing	22,659.05	2,628.70	25,287.75	3,891.78	21,395.97
Postage Costs	5,094.34		5,094.34		5,094.34
Office of Director of Finance	17,707.25		17,707.25	15,045.27	2,661.98
Division of Assessments	31,193.67	4,441.88	35,635.55	830.93	34,804.62
Division of Revenue Collection	13,963.73	25,705.60	39,669.33	34,177.62	5,491.71
Legal Services	73,315.54	6,824.84	80,140.38	13,576.06	66,564.32
Municipal Court	34,923.54	3,699.98	38,623.52	4,281.47	34,342.05
Division of Engineering	32,278.36	29,760.94	62,039.30	25,036.29	37,003.01
Division of Economic Develop.	10,476.91	50,309.39	60,786.30	51,720.66	9,065.64
Community Planning & Compliance	30,221.28		30,221.28	16,350.81	13,870.47
Zoning Board	830.06	360.00	1,190.06	480.00	710.06
Uniform Construction Code	17,211.32	6,181.44	23,392.76	4,928.52	18,464.24
Housing Inspections	5,765.74	35.21	5,800.95	3,640.32	2,160.63
Police Division/Dept. of Public Safety	34,687.17	95,606.36	130,293.53	78,293.11	52,000.42
Office of Emergency Management	1,863.17	2,016.08	3,879.25	1,798.52	2,080.73
Purchase of Police Cars		24,253.69	24,253.69	24,253.69	
Office of Public Works	61,629.87	67,425.76	129,055.63	65,271.19	63,784.44
Other Public Works Functions	4,803.85	6,003.51	10,807.36	7,907.51	2,899.85
Division of Bldgs. and Grounds	23,016.00	62,242.85	85,258.85	66,866.14	18,392.71
Solid Waste Collection & Recycling	381,399.12	10,833.37	392,232.49	277,768.72	114,463.77
Maintenance of Motor Vehicles	41,740.78	47,088.39	88,829.17	63,067.23	25,761.94
Landfill/Solid Waste Disposal Costs	542,605.62	442,761.58	985,367.20	828,693.78	156,673.42
Maintenance of Parks	23,213.04	32,111.37	55,324.41	30,487.00	24,837.41

SCHEDULE OF 2011 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31, 2011	ENCUMBERED DEC. 31, 2011	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Division of Citizen Response	5,729.72	110.95	5,840.67	221.90	5,618.77
Public Health Services	14,942.79	5,130.35	20,073.14	9,220.18	10,852.96
Environmental Health Services	7,549.96		7,549.96	17.75	7,532.21
Animal Control Services	11,075.04	2,089.55	13,164.59	9,634.01	3,530.58
Division of Recreation	31,492.16	40,784.81	72,276.97	33,878.14	38,398.83
Office of Senior Citizens Programs	16,969.51	10,641.61	27,611.12	10,861.25	16,749.87
Environmental Comm.	245.46		245.46		245.46
Zoning Board of Adjustment	11,511.75	53.04	11,564.79	256.08	11,308.71
Economic Development Comm.	94.67		94.67		94.67
Planning Board	4,178.65	160.00	4,338.65	3,886.00	452.65
Board of Public Officers	12,070.00		12,070.00		12,070.00
Construction Board of Appeals	145.00		145.00		145.00
Redevelopment Board	9,460.00		9,460.00		9,460.00
Shade Tree Commission	140.00		140.00		140.00
Rent Leveling Board	150.00		150.00		150.00
Utility Expense and Bulk Purchase	408,269.16	19,135.54	427,404.70	131,864.92	295,539.78
Condo Services Act	22,276.29		22,276.29	955.99	21,320.30
Retirement Payouts	65,547.44		65,547.44		65,547.44
Public Employees Retirement System	244.66		244.66		244.66
Social Security System (O.A.S.I.)	74,078.40		74,078.40	38,638.95	35,439.45
Total Operations Within "CAPS"	3,853,038.61	1,000,785.62	4,853,824.23	2,641,049.13	2,212,775.10
Operations Excluded From "CAPS"					
Salaries and Wages:					
Police Dispatch/911	3,378.02		3,378.02	1,743.51	1,634.51
Other Expenses:					
Police Dispatch/911	4,638.83	1,741.17	6,380.00	1,721.17	4,658.83
Matching Funds for Grants	5,317.00		5,317.00		5,317.00
Total Operations Excluded from "CAPS"	13,333.85	1,741.17	15,075.02	3,464.68	11,610.34
Total Appropriation Reserves	\$ 3,866,372.46	\$ 1,002,526.79	\$4,868,899.25	\$ 2,644,513.81	\$ 2,224,385.44

Exhibit- A-9

SCHEDULE OF PREPAID TAXES
CURRENT FUND

REF.

Balance - December 31, 2011	A	\$1,195,227.14
Increased by:		
2013 Prepaid Tax Collections		<u>1,303,861.07</u>
		2,499,088.21
Decreased by:		
Applied to 2012 Taxes		<u>1,195,227.14</u>
Balance - December 31, 2012	A	<u><u>\$1,303,861.07</u></u>

Exhibit - A-10

SCHEDULE OF TAX OVERPAYMENTS
CURRENT FUND

REF.

Balance - December 31, 2011	A	\$90,618.11
Increased by:		
State Tax Appeals		1,826,226.70
Overpayments in 2012		<u>113,493.71</u>
		2,030,338.52
Decreased by:		
Refunds		<u>1,975,467.94</u>
Balance - December 31, 2012	A	<u><u>\$54,870.58</u></u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
PER CH. 73, P.L. 1976 - CURRENT FUND

Balance - December 31, 2011		\$85,330.01
Increased by:		
Allowable Deductions Per Tax Billings (Abstract)	1,331,750.00	
2012 Deductions Allowed by Collector	89,576.61	
Prior Years Deductions Allowed by Collector	<u>17,743.07</u>	
		<u>1,439,069.68</u>
		1,524,399.69
Decreased by:		
Collection	<u>1,306,000.00</u>	
		<u>1,306,000.00</u>
Balance - December 31, 2012		<u><u>\$218,399.69</u></u>
<u>Analysis of Realized Revenue for 2012:</u>		
Deductions Allowed Per Tax Billings	\$1,331,750.00	
2012 Deductions Allowed by Collector	<u>89,576.61</u>	
		<u>\$1,421,326.61</u>
Realized as Revenue - 2012		<u><u>\$1,421,326.61</u></u>

SCHEDULE OF STATE AND FEDERAL GRANTS ACCOUNTS RECEIVABLE
GRANT FUND

Exhibit A-12
Page 1 of 2

<u>GRANT/AID PROGRAM</u>	<u>BALANCE DEC. 31,2011</u>	<u>REALIZED IN 2012 BUDGET</u>	<u>RECEIVED 2012</u>	<u>TRANSFERRED FROM RESERVES</u>	<u>BALANCE DEC. 31,2012</u>
NJ DOT Livable Comm. East State St.	100,000.00				100,000.00
Transportation Trust	12,345.00				12,345.00
Transportation Fund	150,000.00		106,647.64		43,352.36
NJ DOT Speed Humps	1,879.49				1,879.49
Klockner Rd.	87,768.28		73,697.90		14,070.38
Neighborhood Revitalization	56,671.57				56,671.57
County South Broad St.	83,000.00				83,000.00
Local Preparedness	100,000.00				100,000.00
Smart Future Grant	25,000.00				25,000.00
SFY 2006:					
NJDOT 2006 Safe Streets to Schools	25,000.00		25,000.00		
NJDOT 2004 Municipal Aid Speed Humps	90,000.00				90,000.00
SFY 2007:					
NJ Treasury/Admin. Kuser Mansion Restoration	40,000.00				40,000.00
College of NJ E. State St. Corridor Revitalization	26,328.43				26,328.43
Wildlife Habitat Incentive Program	7,650.00				7,650.00
SFY 2008:					
Klockner Road FY 2007 (Rt. 33 to E. State St.)	24,009.81		22,454.25		1,555.56
SFY 2009:					
Municipal Aid Klockner	3,847.85		3,847.85		0.00
SFY 2010:					
NJ Health Officer Mini Grant	2,500.00				2,500.00
Paris Grant SFY 10	16,625.00				16,625.00
Energy Efficiency and Conservation	537,357.76		114,324.52		423,033.24
CDBG Recovery Grant	0.01				0.01
TY 2010:					
Over the Limit Under Arrest	600.00				600.00
CY 2011:					
Child Passenger Safety	3,100.00				3,100.00
2010 Smart Growth Planning Grant	10,000.00		10,000.00		
Municipal Alliance	26,479.43		26,479.43		
Regional Trails	4,000.00				4,000.00
2011 Mun. Aid Prog. Whitehorse-Ham. Sq.	290,000.00		217,500.00		72,500.00
Justice Assistance Recovery Act	124,448.00				124,448.00
Bullet Proof Vest	16,087.50				16,087.50
Over the Limit Under Arrest	4,400.00		3,800.00		600.00
Child Passenger Safety	3,000.00		800.00		2,200.00

SCHEDULE OF STATE AND FEDERAL GRANTS ACCOUNTS RECEIVABLE
GRANT FUND

Exhibit A-12
Page 2 of 2

<u>GRANT/AID PROGRAM</u>	<u>BALANCE DEC. 31,2011</u>	<u>REALIZED IN 2012 BUDGET</u>	<u>RECEIVED 2012</u>	<u>TRANSFERRED FROM RESERVES</u>	<u>BALANCE DEC. 31,2012</u>
CY 2012					
Municipal Alliance		78,731.00	61,530.30		17,200.70
Clean Communities		142,745.32	142,745.32		
Safe and Secure		55,415.00	55,415.00		
Emergency Mgt. Performance		5,000.00	5,000.00		
Drive Sober or Get Pulled Over		5,000.00	5,000.00		
Recreational Trails Program		19,100.00			19,100.00
Recycling Tonnage Grant		9.34	9.34		
Fugitive Task Force		9,109.92		9,109.92	
Justice Assistance Grant I - Ch. 159		29,101.00	16,000.00		13,101.00
Justice Assistance Grant II - Ch. 159		19,692.00			19,692.00
Justice Assistance Grant III - Ch. 159		24,220.00			24,220.00
Recycling Tonnage Grant Ch. 159		127,490.79	127,490.79		
Roadwy Improv. Klockner Rd. - Ch. 159		220,000.00			220,000.00
Alcohol Education & Rehab - Ch. 159		11,548.09	11,548.09		
NJ Turnpike Phase II - Ch. 159		612,374.00			612,374.00
Sustainable Jersey Grant - Ch. 159		2,000.00	2,000.00		
Drive Sober or Get Pulled Over- Ch. 159		4,400.00	4,400.00		
Boday Armor Grant - Ch. 159		15,386.18	15,386.18		
2012 Sustainable Land Use Planning Grant		2,500.00			2,500.00
	<u>\$1,872,098.13</u>	<u>\$1,383,822.64</u>	<u>\$1,051,076.61</u>	<u>\$9,109.92</u>	<u>\$2,195,734.24</u>

SCHEDULE OF RESERVE FOR STATE AND FEDERAL
GRANTS APPROPRIATED
GRANT FUND

Exhibit - A-13
Page 1 of 2

<u>GRANT PROGRAM</u>	BALANCE DEC. 31 2011	TRANSFERRED FROM 2012 BUDGET	ENCUMBERED AT 12/31/11	PAID OR CHARGED	ENCUMBERED AT 12/31/12	BALANCE DEC. 31, 2012
Parking Adjudication	\$330.00	\$	\$	\$	\$	\$330.00
NJ DOT Livable Comm. East State St.	100,000.00					100,000.00
NJ DOT Livable Comm. Anchor Thread Park			8,347.00		8,347.00	
NJ DOT Quakerbridge & Young Rd.	22,295.00					22,295.00
DOT Speed Bumps Pilot Program	90,000.00					90,000.00
DOT Safe Streets to Schools	150,000.00					150,000.00
SFY 2005:						
Klockner Rd.	15,625.94					15,625.94
Local Preparedness	91,443.13			231.00		91,212.13
Smart Grant	25,000.00					25,000.00
SFY 2007:						
Enhanced 911 General Assistance	45,645.58					45,645.58
Wildlife Habitat Incentive Program	7,650.00					7,650.00
SFY 2008:						
Alcohol Education & Rehab. Fund	204.46					204.46
Over the Limit Under Arrest	5,000.00					5,000.00
Public Health Priority			29,117.00		29,117.00	
SFY 2009:						
Municipal Aid Klockner			8,000.00	8,000.00		
Emergency Management Assistance	1,684.29			221.06		1,463.23
SFY 2010:						
Recycling Tonnage Grant	19,109.29		42,632.00	61,741.29		
Justice Assistance Grant	30,180.00			30,180.00		
Alcohol Education and Rehab	8,627.25					8,627.25
NJ Health Officer Mini Grant	2,500.00					2,500.00
Energy Efficiency and Conservation ARRA	436,857.71		100,000.00	103,045.10	3,023.20	430,789.41
NJ DOT Hughes Drive						
Municipal Alliance	1,845.92		384.16		384.16	1,845.92
NJ Forestry Service Stimulus ARRA	7,000.00					7,000.00
Alcohol Education and Rehab	9,903.79			4,800.00		5,103.79
TY 2010:						
Over the Limit Under Arrest	600.00					600.00
OEM Exercise Management Program	9,547.69					9,547.69
Over the Limit Under Arrest	4,689.00					4,689.00
Hepatitis B Inoculation	1,400.00					1,400.00
Safe and Secure Communities	55,415.00					55,415.00
Regional Fugitive Task Force	12,000.00					12,000.00
CY 2011						
Click It or Ticket Grant	4,000.00					4,000.00
Clean Communities	58,043.91		11,707.42	69,751.33		0.00
Over the Limit Under Arrest	5,000.00					5,000.00
Child Passenger Safety	4,250.00			50.00		4,200.00
Safe and Secure Communities	4,585.00					4,585.00
H1N1 Corrective Actions Grant	0.89					0.89
2010 Smart Growth Planning Grant	500.00					500.00
FFY2011 Emergency Mgt. Perf. Grant	5,000.00					5,000.00
Municipal Alliance	5,466.19		4,902.52	9,112.75		1,255.96

SCHEDULE OF RESERVE FOR STATE AND FEDERAL
GRANTS APPROPRIATED
GRANT FUND

Exhibit - A-13
Page 2 of 2

GRANT PROGRAM	BALANCE DEC. 31 2011	TRANSFERRED FROM TY 2012 BUDGET	ENCUMBERED AT 12/31/11	PAID OR CHARGED	ENCUMBERED AT 12/31/12	BALANCE DEC. 31, 2012
Regional Trails	4,000.00					4,000.00
Recycling Tonnage Grant	129,239.34			129,239.34		
Drunk Driving Enforcemtn Grant	15,379.10			1,405.95	7,413.93	6,559.22
2011 Mun. Aid Prog. Whitehorse-Ham. Sq.	290,000.00			284,200.00	5,800.00	
Justice Assistance Recovery Act	12,444.80					12,444.80
Municipal Court Alcohol Ed. Rehab	12,351.05					12,351.05
Recycling Tonnage Grant	253,432.82			95,162.48	2,641.68	155,628.66
Bulletproof Vest Partnership	11,236.50		1,430.00	9,227.25		3,439.25
Over the Limit Under Arrest	4,400.00					4,400.00
Child Passenger Safety	3,000.00					3,000.00
State Body Armor Grant	15,581.73					15,581.73
CY 2012						
Municipal Alliance		98,414.00		90,249.13	5,141.69	3,023.18
Clean Communities		142,745.32		73,689.56	8,733.01	60,322.75
Safe and Secure Communities		55,415.00				55,415.00
Emergency Management Performance		5,000.00				5,000.00
Drive Sober or Get Pulled Over		5,000.00				5,000.00
Recreation Trails Program		19,100.00				19,100.00
Recycling Tonnage Grant		9.34				9.34
Fugitive Task Force		9,109.92		9,109.92		
Justice Assistance I Ch. 159		29,101.00		7,277.55		21,823.45
Justice Assistance II Ch. 159		19,692.00				19,692.00
Justice Assistance III Ch. 159		24,220.00				24,220.00
Roadway Improvements Klockner Rd. Ch. 159		220,000.00				220,000.00
Alcohol Educatinon & Rehab Ch. 159		11,548.09				11,548.09
Turnpike Phase II Ch. 159		612,374.00				612,374.00
Recycling Tonnage Grant Ch. 159		127,490.79				127,490.79
Sustainable Jersey Ch. 159		2,000.00				2,000.00
Drive Sober or Get Pulled Over Ch. 159		4,400.00				4,400.00
Body Armor Grant Ch. 159		15,386.18				15,386.18
2012 Sustainable Land Use Planning Grant		2,500.00				2,500.00
	<u>\$1,992,465.38</u>	<u>\$1,403,505.64</u>	<u>\$206,520.10</u>	<u>\$986,693.71</u>	<u>\$70,601.67</u>	<u>\$2,545,195.74</u>

Disbursed
Due to Current Fund

\$977,583.79
9,109.92

\$986,693.71

SCHEDULE OF STATE AND FEDERAL GRANTS UNAPPROPRIATED
GRANT FUND

Exhibit A-14

<u>GRANT/AID PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>RECEIVED</u> <u>2012</u>	<u>TRANSFERRED</u> <u>TO</u> <u>RECEIVABLES</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>
Fugitive Task Force	\$9,109.92	\$	\$9,109.92	\$
Drunk Driving Enforcement		31,734.93		31,734.93
	<u>\$9,109.92</u>	<u>\$31,734.93</u>	<u>\$9,109.92</u>	<u>\$31,734.93</u>

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/11Cash.....		Adjustments	Balance 12/31/12
		Receipts	Disbursements		
Assessment Trust:					
Due from/to Current Fund	\$85,160.12		(\$67,402.07)		\$17,758.05
Prepaid Assessments	9,332.15	-	-		9,332.15
Assessments Receivable	(1,295,833.88)	66,786.00	-		(1,229,047.88)
Assessment Liens & Costs	(899.49)	-	-		(899.49)
Prospective Assessments Funded	(2,267,073.50)	-	-		(2,267,073.50)
Reserve for Assessments	1,946,928.67	-	-	110,000.00	2,056,928.67
Serial Bonds Payable	1,523,000.00	-	-	(110,000.00)	1,413,000.00
Assessment Fund Balance	2.00		-		2.00
Total	616.07	66,786.00	(67,402.07)	-	\$0.00
Animal Control:					
Due from/to Current Fund	42,491.60		(42,491.60)	7,979.72	7,979.72
Due NJ - State License Fees	75.00	7,855.80	(7,861.80)		69.00
Deferred Charge	(29,270.82)			29,270.82	-
Escrow	5,975.00	2,505.00	(1,173.00)		7,307.00
Animal Control Reserves	30,616.80	38,454.24	(2,879.70)	(37,250.54)	28,940.80
Total	49,887.58	48,815.04	(54,406.10)	-	44,296.52
Trust - Other Funds:					
Due to General Capital Fund	-			300,000.00	300,000.00
Affordable Housing Fund - COAH	2,220,698.26	295,878.30	(56,909.97)		2,459,666.59
Flexible Spending Account	15,394.70	6,031.92	(7,213.77)		14,212.85
Dedicated Law Enforcement Trust	83,990.30	31,493.62	(8,585.00)		106,898.92
Developers Escrow Fund	1,222,054.02	275,034.60	(379,550.74)		1,117,537.88
Other Escrow Funds	5,124,167.47	900,726.85	(952,648.00)	(300,000.00)	4,772,246.32
Performance Guarantees	1,815,896.05				1,815,896.05
Reimbursable Temporary CO's	62,237.75				62,237.75
Deposits for Tax Sale Redemptions	1,009,267.45	5,588,330.00	(5,287,170.63)		1,310,426.82
Due to State Marriage Licenses	12,775.00				12,775.00
Payroll Deductions Payable	485,051.51	12,224,029.66	(12,064,569.30)		644,511.87
Insurance Trust Reserve	2,687,769.80	20,986,552.40	(23,457,291.54)		217,030.66
Utilities Trust Reserve	311,052.88	5,422,310.50	(5,633,737.66)		99,625.72
Unemployment Trust	268,501.54	64,200.00	(124,793.75)		207,907.79
Off-Duty Police Due Twp.	396,674.17	1,508,906.41	(895,116.14)		1,010,464.44
Total	15,715,530.90	47,303,494.26	(48,867,586.50)	-	14,151,438.66
Self Insurance Trust Fund:					
Workers Comp. Insurance Claims	15,659.15	2,833.76	(13,777.00)		4,715.91
Total	15,659.15	2,833.76	(13,777.00)	-	4,715.91

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

Exhibit B-4
Page 2 of 2

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	<u>Balance</u> <u>12/31/11</u>	<u>Cash</u>		<u>Adjustments</u>	<u>Balance</u> <u>12/31/12</u>
		<u>Receipts</u>	<u>Disbursements</u>		
Housing and Community Development:					
Accounts Receivable	(354,155.86)	546,049.62	-	(489,114.00)	(297,220.24)
Due from/to Current Fund	-			5,061.72	5,061.72
Reserve for Community Dev.	379,907.39	-	(517,436.96)	484,052.28	346,522.71
Total	25,751.53	546,049.62	(517,436.96)	-	54,364.19
HUD Housing Voucher Program					
Unrestricted Net Assets (Admin.)	807,534.97	209,792.24	(225,895.34)	(179,145.85)	612,286.02
Restricted Net Assets (HAPS)	(690.13)	1,629,500.76	(1,807,956.48)	179,145.85	-
Total	806,844.84	1,839,293.00	(2,033,851.82)	-	612,286.02
Total	\$16,614,290.07	\$49,807,271.68	(\$51,554,460.45)	\$	\$14,867,101.30

SCHEDULE OF PROSPECTIVE ASSESSMENTS - FUNDED
TRUST ASSESSMENT FUND

Exhibit - B-5

CAP NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2010	BALANCE DEC. 31, 2011	BALANCE PLEGGED TO	
				RESERVE	ASSESSMENT BONDS
4875	Constr. & Acquis. of Curbs and Sidewalks Various Streets	\$52,657.00	52,657.00	52,657.00	
4876	Constr. of Water Mains - Paterson, etc.	24,406.50	24,406.50	24,406.50	
4885	Constr. of New Roads - Murray, Hewitt Aves.	200,000.00	200,000.00	200,000.00	
5064	Road Constr. Along Estates Blvd.	350,000.00	350,000.00	350,000.00	
5066	Curb Improv. Along Various Rds.	10,005.00	10,005.00	10,005.00	
5071	Curb Improv. Along Various Rds.	10,005.00	10,005.00	10,005.00	
5087	Install. of New Water Line	20,000.00	20,000.00	20,000.00	
04-036	Roadway Improvements-Variou	1,600,000.00	1,600,000.00	441,067.69	1,158,932.31
		<u>\$2,267,073.50</u>	<u>\$2,267,073.50</u>	<u>\$1,108,141.19</u>	<u>\$1,158,932.31</u>

SCHEDULE OF RESERVE FOR ASSESSMENTS
 LIENS AND ASSESSMENT LIEN INTEREST AND COSTS
TRUST ASSESSMENT FUND

Exhibit - B-6

<u>CAP NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2011</u>	<u>CURRENT BUDGET FOR DEFICIT</u>	<u>BALANCE DEC. 31, 2012</u>
<u>ASSESSMENTS RECEIVABLE</u>				
822	Basin Rd., Boxwood, Bucknell, Evelyn, Laura, Lehigh, Sandalwood Aves. - Water Mains	\$3,048.37	\$	\$3,048.37
04-36	Roadway Improvements-Variou	1,268,932.31	110,000.00	1,378,932.31
<u>PROSPECTIVE ASSESSMENTS FUNDED</u>				
4875	Curbs and Sidewalks - Var. Sts.	52,657.00		52,657.00
4876	Water Mains - Patterson, etc.	24,406.50		24,406.50
4885	New Roads - Murray, Hewitt Aves.	200,000.00		200,000.00
5064	Road Constr. Along Estates Blvd.	319,985.00		319,985.00
<u>PROSPECTIVE ASSESSMENTS FUNDED</u>				
04-036	Roadway Improvements-Variou	77,000.00		77,000.00
<u>ASSESSMENT LIENS</u>				
5051	Jefferson, Johnston Aves. Redfern St., Ridge Ave., Samuel, Stockton St. - Curbs	899.49		899.49
		<u>\$1,946,928.67</u>	<u>\$110,000.00</u>	<u>\$2,056,928.67</u>

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - B-7

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2011</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2012</u>
			<u>OUTSTANDING -June 30, 2010</u>	<u>DATE</u>				
Special Assessment Bonds, Series 2010C	3/11/10	\$ 1,523,000.00	2/1/2012-17	110,000.00	3.000%	<u>\$ 1,523,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 1,413,000.00</u>
			2018-21	110,000.00	3.125%			
			2022	110,000.00	3.250%			
			2023	105,000.00	3.375%			
			2024	105,000.00	3.500%			
			2025	103,000.00	3.625%			
						<u>\$ 1,523,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 1,413,000.00</u>

ANALYSIS OF CASH AND INVESTMENTS
GENERAL CAPITAL FUND

Exhibit - C-2

	<u>BALANCE</u> <u>DEC. 31.2011</u>	<u>BALANCE</u> <u>DEC. 31.2012</u>	
Fund Balance	\$109,117.41	\$1,505.00	
Capital Improvement Fund	976.00	(44,874.00)	
Reserve for Encumbrances	4,738,332.16	2,530,024.76	
Reserve to Pay Debt Service		41,317.00	
Reserve for Preliminary Costs	4,524.97	4,524.97	
Grants Receivable	(296,229.42)	(296,229.42)	
Due from/to Grant Fund	318,927.03		
Due from/to Open Space Fund		(300,000.00)	
CAP.			
<u>NO.</u>	<u>IMPROVEMENT AUTHORIZATIONS</u>		
	<u>General Improvements</u>		
5053	Acquisition of Land	(10,703.83)	(10,703.83)
5056	Reconstruction of Various Roads	(9,579.91)	(9,579.91)
5090	Improv. to Public Facilities and Parks	(83,979.49)	(83,979.49)
5096	Reval. Tax Maps	(1,423.43)	(1,423.43)
5125	Various Public Facility Improv.	(4,019.78)	(4,019.78)
5129	Various Capital Improvements	6,413.60	6,413.60
5130	Acquisition of Real Property	(102,583.65)	(102,583.65)
5133	Improve. To Var. Public Facilities	(40,000.00)	(40,000.00)
5135	Various Capital Improvements	15,894.72	15,894.72
5137	Various Capital Improvements	455.93	455.93
02-012	Var. Capital Improvements	(15,314.31)	(15,314.31)
04-037/04-043	Various Road Improvements	39,809.11	42,601.61
05-002/051008	Braghelli Tract Purchase	(69,978.77)	(69,978.77)
05-049	Various Capital Improvements	(96,637.63)	(194,247.44)
07-009	Reconst. Of Various Roads		525.06
07-020	Var. Capital Improvements	189,405.85	85,233.95
08-004	Var. Capital Improvements	8,735.73	35.73
08-065	Var. Capital Improvements	130,417.96	126,714.06
09-004	Var. Capital Improvements	1,760,956.73	1,716,291.40
09-031	Var. Capital Improvements	3,681,997.78	2,875,435.46
10-032	Various Road Improvements	(3,392,759.10)	3,675,878.73
11-016	Animal Shelter	24,317.14	14,117.14
11-017	Var. Capital Improvements	(1,998,053.02)	2,759,207.47
12-031			(887,449.64)
12-032			299,196.16
	<u>Local Improvements</u>		
5028	Curb Improv. Along George Dye Road and Youngs Road	(95.00)	(95.00)
04-036	Special Assessments	183,113.56	183,113.56
		<u>\$5,092,038.34</u>	<u>\$12,318,007.64</u>

() Denotes Deficit

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

Exhibit - C-3

CAP NO.	DATE	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2011	2012 AUTHOR.	BALANCE DEC. 31, 2012	BOND ANTICIPATION NOTES	ANALYSIS OF BALANCE - DEC. 31, 2012	
							EXPENDITURES	UNEXPENDED BALANCE OF IMPROV. AUTH.
<u>General Improvements</u>								
5053	4/15/86	Acquis. of Land and Improv. of Various Parks	\$10,703.83	\$	\$10,703.83		\$10,703.83	\$
5056	4/21/87	Reconstruction of Various Roads	9,579.91		9,579.91		9,579.91	
5090	11/6/91	Improv. to Public Facilities and Parks	83,979.49		83,979.49		83,979.49	
5096	2/2/95	Reval. of Real Property, Develop. of New Tax Maps & Acquis. of Related Equipment	1,423.43		1,423.43		1,423.43	
5125	12/2/97	Var. Public Facilities Improvements	4,019.78		4,019.78		4,019.78	
5130	10/8/99	Acquisition of Real Property	102,583.65		102,583.65		102,583.65	
5133	11/26/99	Improv. to Var. Public Facilities	40,000.00		40,000.00		40,000.00	
5135	6/8/00	Various Capital Improvements	1,389.00		1,389.00			1,389.00
02-012	4/10/02	Var. Capital Improvements	15,314.31		15,314.31		15,314.31	
04-037	10/13/04	Var. Improvements (3,423,000)	63.00		63.00			63.00
05-002	3/8/05	Braghelli Tract Purchase(7,150,740)	121,036.00		121,036.00		69,978.77	51,057.23
05-049	1/25/06	Various Capital Improvements	317,257.00		317,257.00		194,247.44	123,009.56
09-031	12/1/09	Var. Capital Improvements	8,046,870.00		8,046,870.00	8,046,000.00		870.00
10-032		Var. Road Improvements	7,600,000.00		7,600,000.00	7,578,704.00		21,296.00
11-016		Animal shelter	475,000.00		475,000.00			475,000.00
11-017		Var. Capital Improvements	7,144,975.00		7,144,975.00	7,124,954.00		20,021.00
12-031		Var. Capital Improvements		8,075,000.00	8,075,000.00		887,449.64	7,187,550.36
12-032		Open Space Acquisitions		5,700,000.00	5,700,000.00			5,700,000.00
<u>Local Improvements</u>								
5028	3/15/83	Curb Improv. Along George Dye Rd. and Youngs Road	95.00		95.00		95.00	
			<u>\$23,974,289.40</u>	<u>\$13,775,000.00</u>	<u>\$37,749,289.40</u>	<u>\$22,749,658.00</u>	<u>\$1,419,375.25</u>	<u>\$13,580,256.15</u>
Unexpended Balances of Unfunded Improvement Authorizations								\$22,890,777.81
Less: Unexpended Proceeds of Bond Anticipation Notes								9,310,521.66
								<u>\$13,580,256.15</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
GENERAL CAPITAL FUND

Exhibit - C-4

CAP NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2011		ENCUMBERED 12/31/11	2012 AUTHORIZATIONS		PAID OR CHARGED	ENCUMBERED 12/31/12	BALANCE - DEC. 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED		UNFUNDED	CIF			FUNDED	UNFUNDED
<u>General Improvements:</u>												
5129	Various Capital Improvements	7/30/99	2,400,000.00	6,413.60	\$							
5135	Various Capital Improvements	6/8/00	5,806,632.00	15,894.72		1,389.00					\$6,413.60	\$
5137	Various Capital Improvements	12/20/00	1,708,000.00	455.93							15,894.72	1,389.00
02-012	Var. Capital Improvements	4/10/02	4,588,002.00				218.00				455.93	
04-037	Var. Rd. Improvements (3,423,000)	10/13/04	3,423,000.00	39,809.11		63.00	3,245.45			218.00		
05-002	Braghelli Tract Purchase (7,150,740)	3/8/05	7,150,740.00			51,057.23				452.95	42,601.61	63.00
05-049	Various Capital Improvements	12/6/05	3,986,587.00			220,619.37						51,057.23
07-009	Reconst. Of Various Roads	5/15/07	414,698.88				8,109.00		81,380.81	24,338.00		123,009.56
08-004	Var. Capital Improvements	2/19/08	1,026,000.00	8,735.73			1,023.29			498.23		525.06
07-020	Var. Capital Improvements		3,015,000.00	189,405.85			548.51		1,000.00	7,700.00	35.73	
08-065	Var. Capital Acquisitions	10/21/08	1,470,000.00	130,417.96					104,720.41		85,233.95	
09-004	Var. Capital Improvements	2/3/09	8,797,589.00	1,760,956.73					3,703.90		126,714.06	
09-031	Var. Capital Improvements	12/2/09	8,869,216.00			3,682,867.78			228,693.57	191,216.90	1,716,291.40	
10-032	Var. Cap. Improv. (DOT Grant 400,000)		8,400,000.00			4,207,240.90	1,068,198.84		1,727,833.51	146,927.65		2,876,305.46
11-016	Animal shelter		500,000.00	24,317.14		475,000.00	1,566,845.38		1,683,283.14	458,817.50		3,631,985.64
11-017	Var. Capital Improvements		7,521,025.00			5,146,921.98	1,714,898.55		4,800.00	5,400.00	14,117.14	475,000.00
12-031	Var. Capital Improvements							8,075,000.00	425,000.00	602,124.03	710,325.61	2,779,228.47
12-032	Open Space Acquisitions							5,700,000.00	300,000.00	803.84	299,196.16	5,700,000.00
<u>Local Improvements:</u>												
04-036	Special Assessment (1,600,000)	10/13/04	1,600,000.00	183,113.56							183,113.56	
				<u>\$2,359,520.33</u>	<u>\$13,785,159.26</u>	<u>\$4,738,332.16</u>	<u>\$13,775,000.00</u>	<u>\$725,000.00</u>	<u>7,536,805.35</u>	<u>\$2,530,024.76</u>	<u>\$2,490,067.86</u>	<u>\$22,826,113.78</u>

SCHEDULE OF GENERAL SERIAL BONDS
GENERAL CAPITAL FUND

Exhibit - C-5
Page 1 of 2

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2011		INTEREST RATE	BALANCE DEC. 31, 2011	DECREASED	BALANCE DEC. 31, 2012
			DATE	AMOUNT				
General Obl. Bonds(Pension Series)	7/1/03	5,595,000.00	7/15/07	50,000.00	2.25%	4,865,000.00	185,000.00	4,680,000.00
			7/15/08	75,000.00	2.70%			
			7/15/09	95,000.00	3.15%			
			7/15/10	120,000.00	3.60%			
			7/15/11	150,000.00	5.00%			
			7/15/12	185,000.00	5.25%			
			7/15/13	220,000.00	5.25%			
			7/15/14	260,000.00	5.25%			
			7/15/15	305,000.00	5.25%			
			7/15/16	350,000.00	5.25%			
			7/15/17	405,000.00	5.25%			
			7/15/18	460,000.00	5.50%			
			7/15/19	525,000.00	5.50%			
			7/15/20	595,000.00	5.50%			
			7/15/21	465,000.00	5.50%			
7/15/22	520,000.00	5.50%						
7/15/23	575,000.00	5.50%						
General Improvement Bonds	8/1/05	28,364,000.00	8/1/07	700,000.00	4.00%	23,147,000.00	1,272,000.00	21,875,000.00
			8/1/08	825,000.00	4.00%			
			8/1/09	1,151,000.00	4.00%			
			8/1/10	1,188,000.00	4.00%			
			8/1/11	1,228,000.00	4.00%			
			8/1/12	1,272,000.00	4.00%			
			8/1/13	1,318,000.00	4.00%			
			8/1/14	1,368,000.00	4.00%			
			8/1/15	1,420,000.00	4.125%			
			8/1/16	1,475,000.00	4.125%			
			8/1/17	1,533,000.00	4.125%			
			8/1/18	1,594,000.00	4.125%			
			8/1/19	1,659,000.00	4.125%			
			8/1/20	1,727,000.00	4.125%			
			8/1/21	1,798,000.00	4.125%			
8/1/22	1,873,000.00	4.125%						
8/1/23	1,952,000.00	4.125%						
8/1/24	2,035,000.00	4.125%						
8/1/25	2,123,000.00	4.125%						

SCHEDULE OF GENERAL SERIAL BONDS
GENERAL CAPITAL FUND

Exhibit - C-5
Page 2 of 2

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2011		INTEREST RATE	BALANCE DEC. 31, 2011	DECREASED	BALANCE DEC. 31, 2012
			DATE	AMOUNT				
Refunding Series 2009	9/1/09	5,041,000.00	9/1/09	346,000.00	1.125%	\$2,530,000.00	\$1,120,000.00	1,410,000.00
			9/1/10	1,035,000.00	3.000%			
			9/1/11	1,130,000.00	4.000%			
			9/1/12	1,120,000.00	3.859%			
			9/1/13	710,000.00	3.800%			
			9/1/14	700,000.00	3.821%			
General Improvement Bonds	3/1/10	17,716,000.00	2/1/11	850,000.00	2.500%	\$16,866,000.00	\$850,000.00	16,016,000.00
			2/1/12	850,000.00	3.000%			
			2/1/13	850,000.00	3.000%			
			2/1/14	1,620,000.00	3.000%			
			2/1/15	1,655,000.00	3.000%			
			2/1/16	1,695,000.00	3.000%			
			2/1/17	1,700,000.00	3.000%			
			2/1/18	1,700,000.00	3.125%			
			2/1/19	1,700,000.00	3.125%			
			2/1/20	1,700,000.00	3.125%			
			2/1/21	1,700,000.00	3.125%			
			2/1/22	1,696,000.00	3.250%			

SCHEDULE OF LOAN PAYABLE
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
 GENERAL CAPITAL FUND

Exhibit C-6

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE DEC. 31, 2011	DECREASED	BALANCE DEC. 31, 2012
				DATE	AMOUNT			
Infrastructure Water Loan	8/1/06	\$ 1,435,000.00	4.00%	8/1/07-8/1/08	50,000.00	\$ 1,165,000.00	60,000.00	\$ 1,105,000.00
			5.00%	8/1/09-8/7/10	55,000.00			
			5.00%	8/1/2011-8/1/12	60,000.00			
			5.00%	8/1/13	65,000.00			
			5.00%	8/1/14	70,000.00			
			4.00%	8/1/15	70,000.00			
			4.00%	8/1/16-8/1/17	75,000.00			
			4.25%	8/1/18	80,000.00			
			4.25%	8/1/19	85,000.00			
			4.50%	8/1/20	85,000.00			
			4.375%	8/1/21	90,000.00			
			4.375%	8/1/22	95,000.00			
			4.375%	8/1/23	100,000.00			
			4.375%	8/1/24	105,000.00			
			4.375%	8/1/25	110,000.00			
				<u>1-Feb</u>	<u>1-Aug</u>			
Infrastructure Water Loan - Principal Only	8/1/06	\$ 4,028,778	2011	\$ 49,704.41	\$ 159,624.32	2,896,412.69	203,832.73	2,692,579.96
			2012	46,956.41	156,876.32			
			2013	44,208.41	163,288.32			
			2014	41,231.41	169,471.31			
			2015	38,025.42	166,265.31			
			2016	35,460.62	172,860.51			
			2017	32,712.62	170,112.51			
			2018	29,964.62	176,524.51			
			2019	26,850.22	182,570.10			
			2020	23,541.18	179,261.05			
			2021	20,037.48	184,917.35			
			2022	16,430.73	190,470.60			
			2023	12,623.61	195,823.47			
			2024	8,616.11	200,975.96			
			2025	4,408.24	205,928.39			
						<u>\$ 4,061,412.69</u>	<u>\$ 263,832.73</u>	<u>\$ 3,797,579.96</u>

SCHEDULE OF PROJECT LOANS PAYABLE
 NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
 GREEN TRUST PROGRAM
GENERAL CAPITAL FUND

Exhibit - C-7

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>SCHEDULED SEMI-ANNUAL PAYMENT*</u>	<u>BALANCE DEC. 31,2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2012</u>
Issac Pearson Acquisition	6/4/02	115,841.25	2.00%	3/6/03-3/6/2022	7,203.38	67,916.98	5,874.26	62,042.72
Veterans Park Extension	6/4/02	461,600.00	2.00%	3/6/03-3/6/2022	28,703.76	270,633.86	23,407.55	247,226.31
Tyndale Farm Acquisition	6/4/02	265,655.00	2.00%	3/6/03-3/6/2022	16,519.28	155,751.69	13,471.26	142,280.43
*Principal and Interest						<u>\$494,302.53</u>	<u>\$42,753.07</u>	<u>\$451,549.46</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND
GENERAL CAPITAL FUND

Exhibit - C-8

Balance -Dec. 31, 2011	\$976.00
Increased by:	
Budget Appropriation	<u>379,150.00</u>
	380,126.00
Decreased by:	
Approp. To Finance Improv. Autho.	<u>380,126.00</u>

SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
 GENERAL CAPITAL FUND

Exhibit - C-9

CAP. NO.	IMPROVEMENT DESCRIPTION	BALANCE - DEC. 31, 2011		AUTHORIZED 2012	BANS REDEEMED	BANS ISSUED	BALANCE - DEC. 31, 2012	
		CAPITAL FUND	TRUST FUND				CAPITAL FUND	TRUST FUND
<u>General Improvements</u>								
5056	Reconstr. of Various Roads	\$9,579.91	\$	\$	\$		\$9,579.91	\$
5053	Acquis. of Land and Improv. of Var. Parks	10,703.83					10,703.83	
5090	Improv. to Public Facilities and Parks	83,979.49					83,979.49	
5096	Revaluation	1,423.43					1,423.43	
5125	Var. Public Facilities Projects	4,019.78					4,019.78	
5130	Acquisition of Real Property	102,583.65					102,583.65	
5133	Improv. To Var. Public Facilities	40,000.00					40,000.00	
5135	Various Capital Improvements	1,389.00					1,389.00	
02-012	Various Capital Improvements	15,314.31					15,314.31	
04-037	Various Road Improvements	63.00					63.00	
05-002	Braghelli Tract Purchase	121,036.00					121,036.00	
05-049	Various Capital Improvements	317,257.00					317,257.00	
09-031	Various Capital Improvements	870.00			8,046,000.00	8,046,000.00	870.00	
10-032	Various Road Improvements	7,600,000.00				7,578,704.00	21,296.00	
11-016	Animal shelter	475,000.00					475,000.00	
11-017	Var. Capital Improvements	7,144,975.00				7,124,954.00	20,021.00	
12-031	Var. Capital Improvements			8,075,000.00			8,075,000.00	
12-032	Open Space Acquisitions			5,700,000.00			5,700,000.00	
<u>Local Improvements</u>								
5028	Curb Improv. Along George Dye Rd. and Youngs Rd.		95.00					95.00
		<u>\$15,928,194.40</u>	<u>\$95.00</u>	<u>\$13,775,000.00</u>	<u>\$8,046,000.00</u>	<u>\$22,749,658.00</u>	<u>\$14,999,536.40</u>	<u>\$95.00</u>

SCHEDULE OF BOND ANTICIPATION NOTES
GENERAL CAPITAL FUND

<u>CAP NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31 2012</u>
09-031	Various Capital Improvements	6/15/11	6/15/12	6/14/13	1.25%	\$8,046,000.00	\$8,046,000.00	\$8,046,000.00	\$8,046,000.00
10-032		11/20/12	11/20/12	6/13/13	1.00%		7,578,704.00		7,578,704.00
11-017		11/20/12	11/20/12	6/13/13	1.00%		7,124,954.00		7,124,954.00
						<u>\$8,046,000.00</u>	<u>\$22,749,658.00</u>	<u>\$8,046,000.00</u>	<u>\$22,749,658.00</u>

Exhibit - D-6

ANALYSIS OF SEWER UTILITY ASSESSMENT TRUST
CASH AND INVESTMENTS

	BALANCE DEC. 31 <u>2011</u>	BALANCE DEC. 31 <u>2012</u>
Fund Balance	<u>467.10</u>	<u>467.10</u>
	<u><u>467.10</u></u>	<u><u>467.10</u></u>

Exhibit - D-7

SCHEDULE OF SEWER RENTS RECEIVABLE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2011		\$49,781.67
Increased by:		
Sewer Rents Charged in 2012		<u>14,812,602.26</u>
		14,862,383.93
Decreased by:		
Collections	13,563,561.62	
Transferred to Sewer Rent Liens	40,935.03	
Overpayments Applied	3,521.48	
Prepaid Sewer Rents Applied	<u>1,214,192.10</u>	
		<u>14,822,210.23</u>
Balance - December 31, 2012		<u><u>\$40,173.70</u></u>

Exhibit - D-8

SCHEDULE OF SEWER RENT LIENS RECEIVABLE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2011		\$134,604.56
Increased by:		
Transf. from Sewer Rents Receivable	40,935.03	
Interest and Costs	<u>321.53</u>	
		<u>41,256.56</u>
		175,861.12
Decreased by:		
Collection		<u>66,093.93</u>
Balance - December 31, 2012		<u><u>\$109,767.19</u></u>

SCHEDULE OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE.</u> <u>DEC. 31, 2012</u>
Fixed Capital - Prior Yrs.	\$3,648,252.47	\$3,648,252.47
Land and Land Rights	392,052.51	392,052.51
Structures and Buildings	263,047.09	263,047.09
Collecting System	42,708,911.09	42,708,911.09
Pumping Station	5,551,204.10	5,551,204.10
Treatment and Disposal System	40,310,543.45	40,310,543.45
Interest During Construction	3,225,659.66	3,225,659.66
Engineering Costs	19,217,501.99	19,217,501.99
Miscellaneous Equipment	3,809,846.40	3,809,846.40
Miscellaneous Expenses	5,077,011.25	5,077,011.25
Water Use Reduction Equipment	<u>119,480.97</u>	<u>119,480.97</u>
	<u>\$124,323,510.98</u>	<u>\$124,323,510.98</u>

The amount of Fixed Capital of prior years shown in the above statement only represents the obligations outstanding as at January 1, 1957 for Sewer Improvements. The Fixed Capital reported for all accounts in the above Exhibit is taken from the Municipality's records and does not necessarily reflect the true condition of such Fixed Capital.

SCHEDULE OF FIXED CAPITAL
 AUTHORIZED AND UNCOMPLETED
 SEWER UTILITY CAPITAL FUND

Exhibit - D-10

CAP NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE	2012	BALANCE
		DATE	AMOUNT	DEC. 31, 2011	AUTHORIZED	DEC. 31, 2012
6646	Improvements to Sanitary Sewer System	4/21/87	\$3,761,000.00	\$2,300.00	\$	\$2,300.00
6652	Various Sewer Capital Improvements	4/16/91	4,090,000.00	14,297.60		14,297.60
03-006	Wastewater Utility Cap. Improv.	4/2/03	2,300,000.00	118,250.00		118,250.00
04-038/04-044	Klockner Pump Station	10/13/04	1,350,000.00	110,235.80		110,235.80
04-038/04-044	Pond Run Pump Station	10/13/04	844,950.00	8,943.10		8,943.10
04-038/04-044	Runyon Court Sewer	10/13/04	17,500.00	400.00		400.00
04-038/04-044	Overlook Avenue Sewer Line	10/13/04	83,500.00	0.80		0.80
05-50	Equipment Control	5/18/05	3,554,500.00	3,554,500.00		3,554,500.00
05-50	Sewer & Road Improvements	5/18/05	350,000.00	350,000.00		350,000.00
05-50	Utility Trucks	5/18/05	83,000.00	0.36		0.36
08-069	Various Sewer Utility Improvements	12/24/08	5,399,500.00	5,399,500.00		5,399,500.00
10-011	Treatment Plant Improvements	5/13/10	2,502,000.00	2,502,000.00		2,502,000.00
10-011	Pump Station Repairs	5/13/10	1,120,000.00	1,120,000.00		1,120,000.00
10-011	Collection System Rehabilitation	5/13/10	3,718,500.00	3,718,500.00		3,718,500.00
10-011	Vehicles and Equipment	5/13/10	448,500.00	448,500.00		448,500.00
10-011	Collection System Rehabilitation	5/13/10	5,200,000.00	5,200,000.00		5,200,000.00
10-031	Various Sewer Capital Improvements		8,400,000.00	8,400,000.00		8,400,000.00
11-015	Various Sewer Capital Improvements		5,880,000.00	5,880,000.00		5,880,000.00
12-030	Various Sewer Capital Improvements		5,000,000.00		5,000,000.00	5,000,000.00
				<u>\$36,827,427.66</u>	<u>\$5,000,000.00</u>	<u>\$41,827,427.66</u>

SCHEDULE OF 2011 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	BALANCE DEC. 31 <u>2011</u>	RESERVE FOR ENCUMBRANCES DEC. 31, 2011	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$282,207.36	\$	\$282,207.36	\$82,389.30	\$199,818.06
Other Expenses	350,056.73	696,257.16	1,046,313.89	386,365.67	659,948.22
Capital Improvements:					
Capital Outlay	178,180.34	53,711.26	231,891.60	45,570.39	186,321.21
Statutory Expenditures:					
Contribution to:					
Social Security Sys. (O.A.S.I)	<u>23,805.26</u>		<u>23,805.26</u>	<u>6,522.42</u>	<u>17,282.84</u>
	<u>\$834,249.69</u>	<u>\$749,968.42</u>	<u>\$1,584,218.11</u>	<u>\$520,847.78</u>	<u>\$1,063,370.33</u>

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2011	\$703,151.59
Increased by:	
Charged to 2012 Budget Approp.	1,499,233.55
	2,202,385.14
Decreased by:	
Payment	1,584,086.60
Balance - December 31, 2012	\$618,298.54

Analysis of Balance - Dec. 31, 2012:

<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
EIT Loan	0.62%	08/01/12	12/31/12	5 mos.	\$781.33
<u>Bond Anticipation Notes</u>					
2,300,000.00	1.25%	06/15/12	12/31/12	195 days	18,687.50
14,687,000.00	2.00%	06/15/12	12/31/12	195 days	99,443.23
<u>Serial Bonds</u>					
907,000.00	4.00%	08/01/12	12/31/12	5 mos.	15,116.67
1,302,000.00	4.00%	08/01/12	12/31/12	5 mos.	21,700.00
1,348,000.00	4.00%	08/01/12	12/31/12	5 mos.	22,466.67
1,403,000.00	4.00%	08/01/12	12/31/12	5 mos.	23,383.33
1,453,000.00	4.00%	08/01/12	12/31/12	5 mos.	24,216.67
1,512,000.00	4.00%	08/01/12	12/31/12	5 mos.	25,200.00
1,571,000.00	4.25%	08/01/12	12/31/12	5 mos.	27,819.79
1,638,000.00	4.25%	08/01/12	12/31/12	5 mos.	29,006.25
1,705,000.00	4.25%	08/01/12	12/31/12	5 mos.	30,192.71
1,773,000.00	4.25%	08/01/12	12/31/12	5 mos.	31,396.88

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Analysis of Balance - Dec. 31, 2012:

Principal Outstanding <u>Dec. 31, 2011</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Serial Bonds</u>					
1,848,000.00	4.25%	08/01/12	12/31/12	5 mos.	32,725.00
1,924,000.00	4.25%	08/01/12	12/31/12	5 mos.	34,070.83
2,008,000.00	4.25%	08/01/12	12/31/12	5 mos.	35,558.33
171,000.00	4.00%	08/01/12	12/31/12	5 mos.	2,850.00
246,000.00	4.00%	08/01/12	12/31/12	5 mos.	4,100.00
255,000.00	4.00%	08/01/12	12/31/12	5 mos.	4,250.00
265,000.00	4.00%	08/01/12	12/31/12	5 mos.	4,416.67
276,000.00	4.00%	08/01/12	12/31/12	5 mos.	4,600.00
287,000.00	4.00%	08/01/12	12/31/12	5 mos.	4,783.33
298,000.00	4.25%	08/01/12	12/31/12	5 mos.	5,277.08
311,000.00	4.25%	08/01/12	12/31/12	5 mos.	5,507.29
324,000.00	4.25%	08/01/12	12/31/12	5 mos.	5,737.50
336,000.00	4.25%	08/01/12	12/31/12	5 mos.	5,950.00
351,000.00	4.25%	08/01/12	12/31/12	5 mos.	6,215.63
365,000.00	4.25%	08/01/12	12/31/12	5 mos.	6,463.54
381,000.00	4.25%	08/01/12	12/31/12	5 mos.	6,746.88
200,000.00	3.688%	08/01/12	12/31/12	4 mos.	2,458.67
200,000.00	3.688%	08/01/12	12/31/12	4 mos.	2,458.67
150,000.00	3.000%	08/01/12	12/31/12	5 mos.	1,875.00
150,000.00	3.000%	08/01/12	12/31/12	5 mos.	1,875.00
155,000.00	3.000%	08/01/12	12/31/12	5 mos.	1,937.50
155,000.00	3.000%	08/01/12	12/31/12	5 mos.	1,937.50
160,000.00	3.000%	08/01/12	12/31/12	5 mos.	2,000.00
160,000.00	3.125%	08/01/12	12/31/12	5 mos.	2,083.33
165,000.00	3.125%	08/01/12	12/31/12	5 mos.	2,148.44
175,000.00	3.125%	08/01/12	12/31/12	5 mos.	2,278.65

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Analysis of Balance - Dec. 31, 2012:

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Period	Amount
180,000.00	3.125%	08/01/12	12/31/12	5 mos.	2,343.75
185,000.00	3.250%	08/01/12	12/31/12	5 mos.	2,505.21
195,000.00	3.375%	08/01/12	12/31/12	5 mos.	2,742.19
200,000.00	3.500%	08/01/12	12/31/12	5 mos.	2,916.67
210,000.00	3.625%	08/01/12	12/31/12	5 mos.	3,171.88
220,000.00	3.750%	08/01/12	12/31/12	5 mos.	3,437.50
225,000.00	3.875%	08/01/12	12/31/12	5 mos.	3,632.81
235,000.00	4.000%	08/01/12	12/31/12	5 mos.	3,916.67
250,000.00	4.000%	08/01/12	12/31/12	5 mos.	4,166.67
260,000.00	4.125%	08/01/12	12/31/12	5 mos.	4,468.75
270,000.00	4.125%	08/01/12	12/31/12	5 mos.	4,640.63
285,000.00	4.300%	08/01/12	12/31/12	5 mos.	5,106.25
290,000.00	4.300%	08/01/12	12/31/12	5 mos.	5,195.83
290,000.00	4.300%	08/01/12	12/31/12	5 mos.	5,195.83
<u>287,000.00</u>	4.300%	08/01/12	12/31/12	5 mos.	<u>5,142.06</u>
<u>\$29,510,000.00</u>					<u>\$618,298.54</u>

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND

Balance - December 31, 2011	\$192,775.00
Balance - December 31, 2012	<u>\$192,775.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

Exhibit - D-14

CAP. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2011		ENCUMBRANCES 12/31/11	2012 AUTHORIZED	PAID OR CHARGED	ENCUMBRANCES 12/31/12	BALANCE - DEC. 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
<u>General Improvement:</u>											
6646	Improv. to San. Sewer System	4/21/87	3,761,000.00	2,300.00	\$		\$			\$2,300.00	
6652	Var. Sewer Cap. Improv.	4/16/91	4,090,000.00	14,297.60						14,297.60	
6667	Sewer Cap. Improve.	11/26/99	2,637,000.00	3,782.48						3,782.48	
03-006	Wastewater Util. Cap. Prog.	4/2/03	2,300,000.00	88,928.67		1,522.75		177.84	1,522.75	88,750.83	
04-038/04-044	Klockner Pump Station	10/1304	1,350,000.00	110,235.80						110,235.80	
04-038/04-044	Pond Run Pump Station	10/1304	844,950.00	8,943.10						8,943.10	
04-038/04-044	Pump Station Alarm Radio	10/1304	265,000.00	185,089.24		5,700.00			5,700.00	185,089.24	
04-038/04-044	Dewatering Facility Air Quality	10/1304	58,000.00			58,000.00			58,000.00		
04-038/04-044	RBC Main Effluent	10/1304	40,000.00			10,630.00			10,630.00		
04-038/04-044	Runyon Court Sewer	10/1304	17,500.00	400.00						400.00	
04-038/04-044	Support Sanitary Sewer	10/1304	300,000.00	0.80						0.80	
05-050	Equipment Control	1/25/06	3,554,500.00		937,109.24	62,761.46		74,901.33	17,808.42		907,160.95
05-050	Sewer & Road Improvements	1/25/06	350,000.00		56,673.01	12,500.00			12,500.00		56,673.01
05-050	Utility Trucks	1/25/06	83,000.00		0.36						0.36
08-069	Var. Sewer Capital Improve.	12/24/08	5,399,500.00	534,074.94		432,021.92		364,642.49	205,117.60	396,336.77	
10-011	Var. Sewer Capital Improve.	3/1/10	12,989,000.00		5,144,704.87	1,697,152.41		1,157,804.21	1,534,142.82		4,149,910.25
10-031	Var. Sewer Cap. Improv.	11/8/10	8,400,000.00		5,942,348.43	1,685,935.46		2,237,767.47	728,817.17		4,661,699.25
11-015	Var. Sewer Cap. Improv.	4/19/11	5,880,000.00		5,803,236.72	61,011.00		713,434.55	144,536.20		5,006,276.97
12-030	Var. Sewer Cap. Improv.	8/21/12	5,000,000.00				5,000,000.00	49,274.68	130,909.50		4,819,815.82
				<u>\$948,052.63</u>	<u>\$17,884,072.63</u>	<u>\$4,027,235.00</u>	<u>\$5,000,000.00</u>	<u>\$4,598,002.57</u>	<u>\$2,849,684.46</u>	<u>\$810,136.62</u>	<u>\$19,601,536.61</u>

SCHEDULE OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Balance -December 31, 2011		\$97,105,717.36
Increased by:		
Serial Bonds Paid by Operating Budget	1,578,000.00	
EIT Loans Paid By Operating Budget	<u>24,476.94</u>	
		<u>1,602,476.94</u>
Balance -December 31, 2012		<u><u>\$98,708,194.30</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Exhibit - D-16

<u>CAP.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31, <u>2011</u>	BALANCE DEC. 31, <u>2012</u>
6646	Improv. to the San. Sewer Sys.	\$77,822.68	\$77,822.68
6647	Sewer Improv. (Amended 7/19/88)	845.00	845.00
6649	Various Sewer Util. Improv.	110,047.94	110,047.94
6651	Various Sewer Capital Improv.	68,358.43	68,358.43
6652	Various Sewer Capital Improv.	185,235.66	185,235.66
6655	Var. Sewer Improv.	90,000.00	90,000.00
6656	Var. Sewer Improv.	60,000.00	60,000.00
6658	Var. Sewer Cap. Improv.	8,500.00	8,500.00
6660	Var. Sewer Capital Improv.	203,400.00	203,400.00
6661	Var. Capital Improvements	37,500.00	37,500.00
6662	Var. Sewer Utility Improve.	250,000.00	250,000.00
6663	Sewer Utility Equipment	7,000.00	7,000.00
6665	Various Sewer Capital Improv.	160,000.00	160,000.00
6666	Sewer Capital Improve.	171,000.00	171,000.00
6667	Various Sewer Capital Improv.	137,000.00	137,000.00
6668	Sewer Capital Improve.	75,000.00	75,000.00
6669	Improv. to the San. Sewer Sys.	100,000.00	100,000.00
6671	Var. Capital Improvements	137,000.00	137,000.00
02-011	Var. Capital Improvements	56,900.00	56,900.00
03-006	Wastewater Project	115,000.00	115,000.00
08-069	Var. Sewer Utility Improve.	<u>257,225.00</u>	<u>257,225.00</u>
		<u>\$2,307,834.71</u>	<u>\$2,307,834.71</u>

SCHEDULE OF SEWER SERIAL BONDS
SEWER UTILITY CAPITAL FUND

Exhibit - D-17
Page 1 of 2

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2012		INTEREST RATE	BALANCE DEC. 31, 2011	DECREASED	BALANCE DEC. 31, 2012
			DATE	AMOUNT				
Sewer Utility Bonds	8/1/05	22,815,000.00	8/1/12	777,000.00	4.00%	21,169,000.00	777,000.00	20,392,000.00
			8/1/13	907,000.00	4.00%			
			8/1/14	1,302,000.00	4.00%			
			8/1/15	1,348,000.00	4.00%			
			8/1/16	1,403,000.00	4.00%			
			8/1/17	1,453,000.00	4.00%			
			8/1/18	1,512,000.00	4.00%			
			8/1/19	1,571,000.00	4.25%			
			8/1/20	1,638,000.00	4.25%			
			8/1/21	1,705,000.00	4.25%			
			8/1/22	1,773,000.00	4.25%			
			8/1/23	1,848,000.00	4.25%			
			8/1/24	1,924,000.00	4.25%			
			8/1/25	2,008,000.00	4.25%			
			Sewer Utility Refunding Bonds	8/1/05	4,320,000.00			
8/1/13	171,000.00	4.00%						
8/1/14	246,000.00	4.00%						
8/1/15	255,000.00	4.00%						
8/1/16	265,000.00	4.00%						
8/1/17	276,000.00	4.00%						
8/1/18	287,000.00	4.00%						
8/1/19	298,000.00	4.25%						
8/1/20	311,000.00	4.25%						
8/1/21	324,000.00	4.25%						
8/1/22	336,000.00	4.25%						
8/1/23	351,000.00	4.25%						
8/1/24	365,000.00	4.25%						
8/1/25	381,000.00	4.25%						
Sewer Utility Refunding Bonds	9/1/09	2,175,000.00				9/1/12	510,000.00	3.779%
			9/1/13	200,000.00	3.688%			
			9/1/14	200,000.00	0.037%			

SCHEDULE OF SEWER SERIAL BONDS
SEWER UTILITY CAPITAL FUND

Exhibit - D-17
Page 2 of 2

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING -DEC. 31, 2012		INTEREST RATE	BALANCE DEC. 31, 2011	DECREASED	BALANCE DEC. 31, 2012
			DATE	AMOUNT				
Sewer Utility Bonds	3/1/10	5,142,000.00	3/1/12	145,000.00	3.000%	4,997,000.00	145,000.00	4,852,000.00
			3/1/13	150,000.00	3.000%			
			3/1/14	150,000.00	3.000%			
			3/1/15	155,000.00	3.000%			
			3/1/16	155,000.00	3.000%			
			3/1/17	160,000.00	3.000%			
			3/1/18	160,000.00	3.125%			
			3/1/19	165,000.00	3.125%			
			3/1/20	175,000.00	3.125%			
			3/1/21	180,000.00	3.125%			
			3/1/22	185,000.00	3.250%			
			3/1/23	195,000.00	3.375%			
			3/1/24	200,000.00	3.500%			
			3/1/25	210,000.00	3.625%			
			3/1/26	220,000.00	3.750%			
			3/1/27	225,000.00	3.875%			
			3/1/28	235,000.00	4.000%			
			3/1/29	250,000.00	4.000%			
			3/1/30	260,000.00	4.125%			
			3/1/31	270,000.00	4.125%			
			3/1/32	285,000.00	4.300%			
			3/1/33	290,000.00	4.300%			
			3/1/34	290,000.00	4.300%			
			3/1/35	287,000.00	4.300%			
						\$31,088,000.00	\$1,578,000.00	\$29,510,000.00

SCHEDULE OF LOAN PAYABLE
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
GENERAL CAPITAL FUND

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LOANS</u>		<u>BALANCE DEC. 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2012</u>	
				<u>DATE</u>	<u>AMOUNT</u>				
Infrastructure Water Loan	8/1/10	\$ 126,650.65	0.62%	8/1/11	\$5,425.45	\$ 121,225.20	\$ 5,459.09	\$ 115,766.11	
			0.86%	8/1/12	5,459.09				
			1.15%	8/1/13	5,506.04				
			1.55%	8/1/14	5,569.36				
			1.94%	8/1/15	5,655.68				
			2.28%	8/1/16	5,765.40				
			2.57%	8/1/17	5,896.86				
			2.75%	8/1/18	6,048.41				
			2.95%	8/1/19	6,214.74				
			3.14%	8/1/20	6,398.07				
			3.27%	8/1/21	6,598.97				
			3.46%	8/1/22	6,814.76				
			3.60%	8/1/23	7,050.55				
			3.70%	8/1/24	7,304.37				
			3.80%	8/1/25	7,574.63				
			3.90%	8/1/26	7,862.47				
			3.99%	8/1/27	8,169.10				
			4.08%	8/1/28	8,495.05				
			4.16%	8/1/29	8,841.65				
			Infrastructure Water Loan - Principal Only	8/1/10	\$ 4,028,778				<u>YEAR</u>
	<u>1-Feb</u>	<u>1-Aug</u>							
2011	\$	\$ 12,678.57							
2012		6,339.28				12,678.57			
2013		6,339.28				12,678.57			
2014		6,339.28				12,678.57			
2015		6,339.28				12,678.57			
2016		6,339.28				12,678.57			
2017		6,339.28				12,678.57			
2018		6,339.28				12,678.57			
2019		6,339.28				12,678.57			
2020		6,339.28				12,678.57			
2021		6,339.28				12,678.57			
2022		6,339.28				12,678.57			
2023		6,339.28				12,678.57			
2024		6,339.28				12,678.57			
2025		6,339.28				12,678.57			
2026		6,339.28				12,678.57			
2027		6,339.28				12,678.57			
2028		6,339.28				12,678.57			
2029		6,339.28	12,678.57						
						<u>\$ 463,546.63</u>	<u>\$ 24,476.94</u>	<u>\$ 439,069.69</u>	

SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

Exhibit - D-19

<u>CAP. NO.</u>	<u>ORD. DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2011 CAPITAL FUND</u>	<u>AUTHORIZED 2012</u>	<u>BALANCE DEC. 31, 2012 CAPITAL FUND</u>
6623	6/6/73	Constr. of San. Sewer Main - Whitehorse Mercerville Rd.	\$44,290.00	\$	\$44,290.00
6642	3/22/84	Constr. of a Sewer Interceptor Line	14,000.00		14,000.00
6645	4/16/86	Var. Sewer Capital Improv.	434.00		434.00
6661	5/17/95	Var. Capital Improve.	0.41		0.41
6664	5/28/97	Replacement of Sewer Lines	33,272.00		33,272.00
6670	6/8/00	Various Capital Improv.	0.26		0.26
08-069	12/24/08	Var. Capital Improve.	275.00		275.00
10-031	11/8/10	Var. Capital Improve.	8,400,000.00		8,400,000.00
11-015	4/19/11	Var. Capital Improve.	5,880,000.00		5,880,000.00
12-030	8/21/12	Var. Capital Improve.		5,000,000.00	5,000,000.00
			<u>\$14,372,271.67</u>	<u>\$5,000,000.00</u>	<u>\$19,372,271.67</u>

SCHEDULE OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

<u>CAP NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31 2012</u>
05-050	Various Capital Improvements	6/15/11	6/14/12	6/13/13	1.50%	\$2,300,000.00	\$2,300,000.00	\$2,300,000.00	\$2,300,000.00
05-050	Various Capital Improvements	6/15/11	6/14/12	6/13/13	1.25%	1,698,000.00	1,698,000.00	\$1,698,000.00	1,698,000.00
10-011	Various Capital Improvements	6/15/11	6/14/12	6/13/13	1.25%	12,989,000.00	12,989,000.00	12,989,000.00	12,989,000.00
						<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND

	2012	
<u>Revenue and Other Income Realized</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$7,029,270.82	2.59
Miscellaneous - From Other		
Than Local Property Tax Levies	34,008,168.37	12.52
Collection of Delinquent Taxes and		
Tax Title Liens	566,516.11	0.21
Collection of Current Tax Levy	230,042,635.78	84.68
 Total Income	271,646,591.08	100.00
 <u>Expenditures</u>		
Budget Expenditures:		
Municipal Purposes	97,837,590.22	36.48
Special District Taxes	20,043,357.00	7.47
County Taxes	50,431,878.56	18.81
Local School Taxes	98,041,074.50	36.56
Other Expenditures	1,826,226.70	0.68
 Total Expenditures	268,180,126.98	100.00
 Statutory Excess to Fund Balance	 3,466,464.10	
 Fund Balance - Beginning	 9,138,022.66	
	12,604,486.76	
Less:		
Utilized as Anticipated Revenue	7,029,270.82	
 Fund Balance - Ending	 \$5,575,215.94	

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SEWER UTILITY OPERATING FUND

<u>Revenue and Other Income Realized</u>	2012	
	Amount	%
Fund Balance Utilized	\$1,100,000.00	6.27
Collection of Sewer Rents	14,891,507.94	84.85
Miscellaneous - From Other than Sewer Rents	1,558,960.22	8.88
Total Income	17,550,468.16	100.00
<u>Expenditures</u>		
Budget Expenditures:		
Operating	12,527,902.45	74.96
Capital Improvements	310,000.00	1.85
Debt Service	3,095,371.21	18.52
Deferred Charges	38,101.93	0.23
Statutory Expenditures	723,974.05	4.33
Other Charges	17,055.09	0.10
Total Expenditures	16,712,404.73	100.00
Excess in Revenue	838,063.43	
Fund Balance - Beginning	3,172,482.65	
	4,010,546.08	
Less:		
Utilized as Anticipated Revenue	1,100,000.00	
Fund Balance - Ending	\$2,910,546.08	

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title lines on December 31 and June 30, the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
CY 2012	\$367,045.00
CY 2011	367,045.00
TY 2010	367,045.00
SFY 2010	367,045.00
SFY 2009	367,045.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
CY 2012	\$14,802,602.26	\$14,822,210.23
CY 2011	14,870,369.00	15,261,837.06
TY 2010	6,628,118.74	6,113,830.43
SFY 2010	14,988,807.76	14,978,019.18
SFY 2009	15,038,612.70	15,798,641.89

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Ending Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	CY 2012	\$5,575,215.94	\$4,500,000.00
	CY 2011	9,138,022.66	7,000,000.00
	TY 2010	7,921,214.79	7,856,296.86
	SFY 2010	4,974,125.18	0.00
	SFY 2009	4,452,736.30	3,100,000.00
Sewer Utility Operating Fund	CY 2012	2,910,546.08	1,065,442.75
	CY 2011	3,172,482.65	1,100,000.00
	TY 2010	2,218,626.92	754,052.76
	SFY 2010	395,293.09	876,666.17
	SFY 2009	1,837,296.96	0.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>TY 2010</u>
<u>Tax Rate:</u>	<u>4.07</u>	<u>4.04</u>	<u>4.01</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>1.14</u>	<u>1.11</u>	<u>1.12</u>
Library:	<u>0.06</u>	<u>0.06</u>	
County:	<u>0.94</u>	<u>0.96</u>	<u>0.98</u>
Local School:	<u>1.90</u>	<u>1.86</u>	<u>1.86</u>
Open Space:	<u>0.04</u>	<u>0.04</u>	<u>0.04</u>
<u>Assessed Valuation:</u>			
2012	<u>\$5,139,614,851.00</u>		
2011		<u>\$5,139,210,911.00</u>	
2010			<u>\$5,162,599,120.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
CY 2011	\$231,280,726.79	\$230,042,635.78	99.46%
CY 2011	229,198,285.33	227,789,434.02	99.39%
TY 2010	116,027,564.02	113,375,350.15	97.71%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
CY 2011	\$1,635,611.47	\$499,004.40	\$2,134,615.87	0.92%
CY 2011	1,291,704.91	849,341.74	2,141,046.65	0.93%
TY 2010	718,983.92	2,592,306.22	3,311,290.14	2.85%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit in Year 2012:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE SURETY</u>
Kelly A. Yaede	Mayor		
John F. Bencivengo	Mayor (Resigned November 24, 2012)		
Kevin J. Meara	President		
Kelly Yaede	Vice President (Resigned to become Mayor November 30, 2012)		
Dennis Pone	Councilperson		
Ileana Schirmer	Councilperson (Appointed December 2012)		
David Kenny	Councilperson		
Edward R. Gore III	Councilperson		
Eileen A. Gore	Municipal Clerk		
Alison J. Salvatore	Deputy Municipal Clerk		
John F. Ricci	Business Administrator		
John E. Barrett	Chief Financial Officer		
Donald Kosul	Tax Assessor		
Lindsay Burbage	Township Attorney		
Frank Ragazzo	Director of Public Works		
Richard Watson	Director of Water Pollution Control		
Catherine Tramontana	Director of Health, Recreation and Welfare (Until December 9, 2012)		
Douglas Hoffman	Presiding Municipal Judge	1,075,000.00	Selective Insurance/JIF
Kenneth Lozier	Municipal Judge	1,075,000.00	Selective Insurance/JIF
Michele Rossi	Tax Collector, Tax Search Officer	1,500,000.00	Selective Insurance/JIF
Richard Williams	Township Engineer		
Raymond Lumio	Bldg. Inspector, Supt. of Division of Inspections		
James W. Collins	Chief of Police		
Lynn Hoagland	Court Administrator, Court Clerk	1,075,000.00	Selective Insurance/JIF
Nancy Lear	Deputy Court Administrator	1,075,000.00	Selective Insurance/JIF

All other employees were covered under a Public Employees Blanket Bond issued by the Travelers Casualty and Surety Company of America in the amount of \$1,000,000.

All surety bonds in effect were examined or verified.

**TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY**



**PART IV
STATISTICAL SECTION
AUDITOR'S MANAGEMENT REPORTS**

STATISTICAL SECTION

TOWNSHIP OF HAMILTON

Table 1

COUNTY OF MERCER

CURRENT FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Year	General Government	Administration	Insurances & Postage	Finance	Law	Engineering, Planning, & Inspections	Economic Development/ Technology
2012	\$857,211	\$971,421	\$15,953,796	\$1,567,141	\$1,646,180	\$2,158,583	\$642,730
2011	760,391	921,965	15,700,426	1,368,049	1,637,507	1,539,753	774,790
TY 2010	389,401	533,513	9,136,914	690,026	783,661	750,540	288,591
2010	737,830	950,050	13,371,023	1,480,158	1,686,918	1,808,178	535,500
2009	847,593	925,849	12,511,900	1,434,218	1,564,920	1,732,141	509,173
2008	887,116	1,097,608	12,360,273	1,374,268	1,554,958	1,999,683	378,221
2007	817,708	1,080,671	11,253,207	1,350,944	1,426,405	1,784,456	364,246
2006	830,914	1,027,064	10,628,916	1,280,278	1,446,689	1,824,383	350,537
2005	821,014	1,106,792	10,087,973	1,176,108	1,721,848	2,016,123	314,763
2004	860,647	1,110,958	7,836,447	1,296,344	303,794	2,318,614	311,329

Year	Public Safety	Public Works	Health, Recreation, & Welfare	Separate Boards & Agencies	Uniform Construction Codes Appropriations	Unclassified Purposes	Deferred Charges & Statutory Expenditures
2012	\$22,549,786	\$21,432,021	\$3,110,778	\$192,608	\$1,968,355	\$3,982,172	\$8,890,652
2011	22,337,609	22,262,426	3,223,939	188,588	1,734,181	3,951,700	9,289,422
TY 2010	10,949,754	11,290,762	1,644,376	109,958	899,046	1,828,337	944,882
2010	21,626,460	23,166,517	3,336,786	187,521	1,758,731	4,006,417	8,129,988
2009	21,001,466	22,046,820	2,971,330	170,456	1,984,724	4,430,593	9,101,601
2008	21,329,747	21,167,353	2,959,115	143,256		3,313,986	3,518,328
2007	19,828,279	19,652,630	2,778,563	198,465		2,904,280	2,115,518
2006	18,605,467	18,745,186	2,548,483	200,486		2,679,626	2,106,213
2005	18,134,834	17,991,747	2,395,474	146,377	1,338,422	2,618,764	1,694,301
2004	16,904,445	18,952,895	2,445,804	145,216	1,380,193	2,108,104	1,662,688

Year	Operations Excluded from "CAPS"	State and Federal Grants	Capital Improvements	Deferred Charges Excluded from CAPS	Debt Service	Reserve for Uncollected Taxes	Total
2012	\$4,214,114	\$1,381,323	\$379,150		\$5,939,570	\$1,300,000	\$99,137,590
2011	5,295,784	1,159,534	400,000		5,740,819	1,263,809	99,550,691
TY 2010	2,353,645	106,626	600,000		3,585,762	2,000,000	48,885,795
2010	6,793,788	2,410,190	400,000		5,567,198	1,300,000	99,253,253
2009	4,365,678	1,396,410	350,000	50,000	6,624,841	1,300,000	95,319,712
2008	8,917,664	1,100,487	150,000	10,000	6,025,173	1,101,453	89,388,689
2007	6,754,082	1,065,931	100,000	125,000	5,299,624	1,063,111	79,963,120
2006	5,116,073	1,386,018	100,000		5,155,092	632,511	74,663,935
2005	3,795,450	1,962,314	560,060		6,859,633	241,164	74,983,161
2004	4,944,044	2,749,105	100,000	1,831,000	7,644,379	1,084,485	75,990,491

(1) Excludes taxes allocated to county and school

(2) During SFY 2009 Uniform Construction Code Appropriations were transferred from the Trust Fund back to the Current Fund budget.

(3) During TY 2010 the Township converted back to a calendar year.

TOWNSHIP OF HAMILTON

Table 2

COUNTY OF MERCER

CURRENT FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

Year	Taxes (1)	Delinquent Taxes	Fees, Permits, Fines and Licenses	Construction Code Fees	In Lieu Of Taxes	State Aid	From Other Funds
2012	\$62,826,326	\$566,516	\$3,677,150	\$1,696,081	\$223,000	\$19,166,830	\$861,943
2011	63,524,839	1,989,124	3,702,598	2,488,885	223,000	19,166,830	589,000
TY 2010	28,963,765	61,715	1,068,428	1,044,370	215,585	15,985,780	310,000
2010	61,064,278	71,333	4,326,844	1,255,613	543,197	24,094,067	620,000
2009	59,860,049	105,124	3,767,594	1,488,168	502,093	24,712,770	620,000
2008	55,051,187	72,029	3,089,018		848,185	25,836,719	520,000
2007	42,043,024	384,069	3,520,221		218,374	25,338,486	1,229,234
2006	40,977,311	551,366	3,176,896		213,410	25,338,487	550,000
2005	39,663,781	228,676	3,107,073	1,735,043	213,676	26,137,749	550,000
2004	40,077,463	353,100	2,597,108	1,544,061	207,817	25,816,315	550,000

Year	Appropriation Reserve Cancelled	Sale of Municipal Assets	Other Special Items of Revenue	State and Federal Grants	Surplus Anticipated	Non-Budget Revenues and Other Items	Total
2012	\$2,224,385	\$94,357	\$1,518,135	\$1,383,823	\$7,029,271	\$3,162,463	\$104,430,281
2011	2,058,395	60,185	3,684,177	1,134,534	7,856,297	1,965,105	108,442,969
TY 2010	3,523,423	50,000	24,860	106,626		463,833	51,818,386
2010	3,427,495		1,803,702	2,385,190	3,350,000	624,629	103,566,349
2009	2,584,698		3,629,543	1,371,410		1,697,281	100,338,730
2008	446,909		169,000	1,075,487	2,139,695	525,359	89,773,588
2007	369,523		4,222,970	1,040,931	3,861,911	352,105	82,580,848
2006			1,282,209	1,361,018	4,643,442	1,261,761	79,355,898
2005	-	-	1,860,818	1,963,313	2,626,480	2,538,805	80,625,414
2004	1,017,000	267,353	-	2,724,103	1,573,598	517,987	77,245,905

(1) Excludes taxes allocated to county and school

(2) During SFY 2009 Construction Code Revenue was Realized in the Current Fund

(3) During TY 2010 the Township converted back to a calendar year Township.

TOWNSHIP OF HAMILTON

Table 3

COUNTY OF MERCER

ASSESSED VALUE AND ESTIMATE OF TOTAL VALUE

LAST TEN FISCAL YEARS

UNAUDITED

Year	Net Assessed Valuation Taxable	Market Valuation	Percentage of Net Assessed To Market Value
2012	\$5,157,770,396	\$8,281,583,808	62.28%
2011	5,158,310,796	9,128,138,022	56.51%
2010	5,181,260,831	9,839,082,474	52.66%
2009	5,183,429,281	10,412,674,329	49.78%
2008	5,185,400,541	10,114,275,612	51.27%
2007	5,128,624,286	9,361,748,161	54.78%
2006	5,059,660,299	7,924,291,776	63.85%
2005	4,964,076,086	7,019,338,357	70.72%
2004	4,921,021,313	6,087,359,367	80.84%
2003	4,806,344,860	5,424,768,465	88.60%

TOWNSHIP OF HAMILTON

Table 4

COUNTY OF MERCER

SCHEDULE OF TEN LARGEST TAXPAYERS - 2012

UNAUDITED

<u>Taxpayer</u>	<u>Business Type</u>	<u>2012 Assessed Valuation</u>	<u>As a Percent of Total Net Assessed Taxable Valuation</u>
JDN REAL ESTATE	REAL ESTATE	\$ 53,420,583	1.04%
PSEG	INDUSTRIAL	35,108,100	0.68%
QUAKERBRIDGE PLAZA	OFFICE	33,753,100	0.65%
BELL ATLANTIC	PERSONAL PROPERTY	22,209,844	0.43%
MITZEN FARMS	OFFICE	17,388,500	0.34%
HORIZON BUISNESS PARK	OFFICE	16,362,100	0.32%
LEVIN PROPERTIES	REAL ESTATE	16,074,000	0.31%
DANCH FARMS	INDUSTRIAL	14,670,500	0.28%
EPT HAMILTON	INDUSTRIAL	14,555,000	0.28%
CABOT HOLDINGS	REAL ESTATE	14,500,000	0.28%
		<u>\$ 238,041,727</u>	<u>4.61%</u>

TOWNSHIP OF HAMILTON

Table 5

COUNTY OF MERCER

RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES, AND LOANS TO EQUALIZED VALUE

AND DEBT PER CAPITAL

LAST TEN FISCAL YEARS

Year	Population	Average Equalized Valuation	Net Debt	Net Debt per Capita	Ratio of Net Debt to Equalized Valuation	Net Debt Excluding Authorized not Issued		
						Debt	Ratio of Debt to Equalized Valuation	Debt per Capita
2012	88,464	\$9,050,138,527	\$87,384,557	987.80	0.97%	\$64,634,899	0.71%	730.64
2011	88,464	10,195,687,606	77,444,505	875.44	0.76%	47,143,944	0.46%	532.92
TY 2010 (1)	88,464	10,240,337,968	83,744,979	946.66	0.82%	41,911,393	0.41%	473.77
2010	88,464	10,240,337,968	73,512,663	830.99	0.72%	57,158,245	0.56%	646.12
2009	88,894	9,831,693,888	63,681,522	716.38	0.65%	50,505,427	0.51%	568.15
2008	88,894	8,950,354,281	71,543,184	804.81	0.80%	84,317,894	0.94%	948.52
2007	88,894	7,957,308,378	57,648,359	648.51	0.72%	52,850,918	0.66%	594.54
2006	88,894	6,882,008,353	60,914,873	685.25	0.89%	50,492,432	0.73%	568.01
2005	88,894	6,066,974,565	59,896,737	673.80	0.99%	50,175,193	0.83%	564.44
2004	88,894	5,340,862,828	64,365,127	724.07	1.21%	47,141,003	0.88%	530.31
2003	88,894	4,880,447,708	77,292,379	869.49	1.58%	57,505,155	1.18%	646.90

TOWNSHIP OF HAMILTON

Table 6

COUNTY OF MERCER

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (GROSS) - CURRENT FUND

LAST TEN FISCAL YEARS

UNAUDITED

Year	Principal	Interest	Total Debt Service	Total Current Fund Governmental Expenditures	Ratio of Debt Service to Current Fund Expenditures
2012	\$ 3,851,477	\$ 2,088,123	\$ 5,939,600	\$ 99,154,956	5.99%
2011	3,683,221	2,057,598	5,740,819	99,550,691	5.77%
TY 2010	2,574,147	1,011,616	3,585,763	48,885,795	7.33%
2010	3,690,594	1,876,604	5,567,198	99,253,253	5.61%
2009	3,417,351	2,013,418	5,430,769	95,319,712	5.70%
2008	3,809,818	2,013,418	5,823,236	89,388,689	6.51%
2007	3,114,427	2,185,197	5,299,624	79,963,120	6.63%
2006	3,557,952	1,597,140	5,155,092	74,663,935	6.90%
2005	5,003,893	1,855,740	6,859,633	74,983,161	9.15%
2004	6,045,693	1,598,686	7,644,379	75,990,491	10.06%

TOWNSHIP OF HAMILTON

Table 7

COUNTY OF MERCER

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Unemployment Rate (1)</u>	<u>Total per Capita Income</u>
2012	7.20%	\$55,170.00
2011	7.70%	N/A
2010	7.30%	N/A
2009	7.60%	N/A
2008	5.40%	N/A
2007	4.30%	N/A
2006	2.20%	N/A
2005	2.30%	45,923
2004	2.90%	43,657
2003	3.20%	42,212
2002	3.40%	41,545

(1) - Per NJ Department of Labor Statistics

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
MISCELLANEOUS STATISTICS
UNAUDITED

Table 8

Date of Incorporation	1842
Form of Government	Mayor- Council
Area in Square Miles	40
Miles of Streets	N/A

AUDITOR'S MANAGEMENT REPORTS

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
YEAR ENDED DECEMBER 31, 2012

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of Hamilton, County of Mercer, New Jersey, for the year ended December 31, 2012, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Hamilton, County of Mercer, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Township of Hamilton, County of Mercer, New Jersey as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (CONT'D):

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Township's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

Control Deficiencies:

12-01 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Animal Shelter, Budget and Purchasing, Police Records Clerk, Crime Prevention, Recreation, Housing Inspections, Vital Registrar, Clerk, Public Works and Health Department. This condition is the result of the staffing levels of the respective offices.

12-02 Transaction Posting

The computerized data processing system allows for the back-dating of transactions for those individuals with security rights in the system.

Other Internal Control Matters Relating to State and Federal Grant Schedules:

Due to weaknesses in the grant application and award notification process followed by certain state agencies that pass-through federal and state assistance to the Township, the Chief Financial Officer often does not receive accurate and timely information with respect to the grant awards and funding sources. In some instances where Notices of Award are sent to the CFO, they fail to identify the source of the funding and the relevant CFDA and account number information, which is needed to allow the CFO to properly prepare the Schedules of Federal and State Awards. This problem, which exists statewide, results in an inability of the auditor to determine the completeness of the schedules and accuracy of CFDA and account numbers listed therein.

GENERAL COMMENTS

OTHER MATTERS

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

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

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. The bid threshold is \$36,000.00 if the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198(C.40A:11-9) Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

On June 9, 2010, the Local Public Contracts Law was revised pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective on January 1, 2011. The revisions address the bid threshold (Section 7, N.J.S.A. 40A: 11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Township's Purchasing Agent is "Qualified" the Township may increase the bid threshold from the existing \$29,000.00 threshold to \$36,000.00. On May 5, 2011 the Local Public Contracts Law was revised again pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective to January 1, 2011. The law eliminated the previous "lower" non - QPA threshold of \$26,000.00 and lowered it to \$17,500.00.

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

Materials and Supplies:

Motor oils; transmission lubricants; Computer Software; Rock salt; electrical supplies; Tires; Odor control oxidizers; Hydrochloric acid;

Equipment:

Three Ford Utility Pickup Trucks; Combination of granular spreader; Paver; Tail Swing Excavator; Rear Loading Refuse Truck; Low Bed Tractor; Mack Truck; 2 Tandem Dump Trucks; 55 Ton Trailer; Street Clock; 1A Transformer; 4 Toro Groundmaster Mowers; road materials; Police evidence collection van

Contracts:

Municipal building window replacements; Road Improvements; Disposal of liquid sludge; Heating and air conditioning repairs; Food and catering services; Preventive maintenance for heavy crane; emergency generator maintenance, heavy electrical equipment repair; installation of sanitary sewer crossing; Sanitary sewer and manhole restoration projects;

GENERAL COMMENTS

OTHER MATTERS

Contracts and Agreements Required
to be Advertised Per N.J.S.A. 40A:11-4 (cont'd)

State Approved Contracts for the Following Purchases:

Office furniture; Broadband services; Auto parts and repairs; Locks and locksmith services; Castings, inlets, manholes; Computer equipment; Paper products; OEM maintenance; Police and security equipment; Snow plows; Tires; Ammunition; Playground equipment; Parts and maintenance for road equipment; Highway material; Tools; Electric and gas; Copiers; Paint; Concrete products; Communications equipment; Electrical supplies; Maintenance and repair of fuel dispensers; Postage meter and postage; Traffic tickets; Police apparel; Vaccines; Lawn equipment; Spray equipment; Chemicals for Road Department; Industrial equipment.

The minutes indicate that resolutions were adopted and advertised 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. Purchase Orders encumbered during the period under audit were reviewed, however, to determine whether any clear cut violations existed. Audit evidence suggests that controls over compliance with the requirements of N.J.S.A. 40A:11-4 are in place and operating effectively.

Our examination of the purchasing function also included reviews of the solicitation of quotations when contemplated purchases will exceed 15% of the bid threshold. Documentation of the quotation process provided by the Township indicated that quotes are generally sought by the user departments that are requisitioning the goods or services. During the year under review it was noted that quotes received by the departments are now being forwarded to the Purchasing agent for reviews, verifications and approvals.

There is some decentralization regarding the purchasing process. There should be an effort made to re-centralize the procurement process.

Pay-to-Play Requirements

The responsibility for compliance with the Township's local ordinance and the statutory requirements relating to pay-to-play has been bifurcated. All matters relating to professional service contracts have been assigned to the Office of the Township Attorney, while compliance for non-professional services contracts remains with the Township Purchasing Agent.

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, effective July 1, 2005, the bid threshold was increased to \$21,000. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Township to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on March 17, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments.

WHEREAS, Revised Statutes 54:4-67 N.J.S.A. provides that the governing body may by resolution fix the rate of interest to be charged for the non-payment of taxes or assessments on or before the date they become delinquent; and

WHEREAS, said Statutes also provide that the governing body may rule that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same become payable; therefore

BE IT RESOLVED by the Council of the Township of Hamilton, in the County of Mercer that there be and hereby is established the following rate of interest to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent:

8% Interest on Amounts from \$10.00 to \$1,500.00 on Delinquent Accounts

8% Interest on Amounts from \$1.00 to \$1,500.00 on Delinquent
Assessment Accounts

18% Interest on Amounts from \$1,501.00 and above on Delinquent Accounts

18% Interest on Amounts from \$1,501.00 and above on Delinquent
Assessment Accounts

18% Interest on All Liens

Ten (10) Day Grace Period

An examination of the collector's records indicated that interest on delinquencies was calculated in accordance with the foregoing resolution, for items tested.

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The tax sale for 2012 delinquencies was held on December 19, 2012. The prior year balances for tax year 1989 thru SFY 2001 consist of properties under bankruptcy. The Collector maintained current documentation on file to support the exclusion of these properties from the tax sale. The balance of taxes receivable for tax years 1972 through 1979 consist of three properties which had been under bankruptcy, and title to these properties has passed to the State of New Jersey Department of Transportation upon the filing of a Declaration of Taking by the State for Road Construction.

An accelerated tax sale was held in SFY 2003 as permitted by Chapter 99, P.L. 1996. An accelerated tax sale has been held in each subsequent year.

The Township maintains a foreclosure program for tax title liens that become subject to In Rem Foreclosure. Subject liens have been assigned to attorneys and are in process of foreclosure.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2012. The bond coverage for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's coverages meet the suggested levels of the revised Administrative Code.

Interfund Balances

At December 31, 2012 the balance sheets of the following funds include interfunds payable:

<u>Fund:</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$30,799.49	\$10,573.08
Grant Fund	75,762.17	
Trust Assessment Fund		17,758.05
Dog Fund		7,979.72
Trust Other Fund		300,000.00
CDBG Trust Fund		5,061.72
Sewer Capital Fund		173,349.54
Sewer Operating Fund	173,349.54	
General Capital Fund	<u>300,000.00</u>	<u>65,189.09</u>
Total	<u>\$ 579,911.20</u>	<u>\$ 579,911.20</u>

GENERAL COMMENTS

Interfund Balances (cont'd)

The Interfund balances identified above are the result of year-end adjustments and journal entries. These balances are not an indication of each respective fund being unable to meet its obligations. These Interfunds should be cleared by cash transfer where feasible.

Investment of Idle Funds

The Chief Financial Officer maintained Township funds in interest-bearing checking accounts from July 1, 2012 to December 31, 2012. Earnings from the investments and deposits are shown in the various accounts of the Township as of December 31, 2012.

The Township has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds to that plan".

Purchase Order System and Encumbrance System

The Township financial accounting software provides for a full tracking of budgetary operations is on a full encumbrance basis, commencing with the preparation of electronic requisitions. As previously noted, centralized reviews of requisitions for compliance were minimal during the period under audit.

A certification of availability of funds by the Chief Financial Officer is required prior to the awarding of contracts and the issuance of purchase orders. During our review of the records for 2012 this certification was noted on the purchase orders.

Test of Salaries

As part of our audit we tested salaries paid by the Township for compliance with salary ordinances approved by the governing body and collective bargaining agreements where applicable. Salary payments were in accordance with the governing documents.

Payment of Claims

The examination did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Authorization for payment of claims is delegated to the Director of Finance.

Municipal Court

The records of the Municipal Court were found to be in good condition. The review of the computer generated cash receipts records indicated that the Court is unable to record interest earnings on the system, due to the system control, which requires that a ticket number be inputted before the system will accept a cash transaction. While this control is effective in the identification of recorded receipts, it has resulted in the use of manual procedures by Court personnel to balance daily receipts and perform monthly account reconciliation's. Although the identification of cases for which payments received by check were returned by the depository for non-sufficient funds has been corrected, the system does not allow for the adjusting entry to be made to the original receipt. For checks deposited at the close of one month and returned by the banks in the subsequent month, the Court is required to adjust receipts for the subsequent month. This situation has resulted in instances wherein the Court must either manually adjust monthly reports prior to the disbursement of funds collected to the various agencies or disburse funds that in fact were not collected. In the latter circumstance, agency disbursements in the subsequent month are reduced if the check has not been made good.

GENERAL COMMENTS

Other Officials Collecting Municipal Fees

The condition of the records maintained by the various departments was found to be good in most instances. The reviews, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, and that amounts charged were in accordance with the provisions of the Township Code. The following conditions were found:

An improvement to internal control has been made whereas monthly reports are now being submitted by each department to provide for a reconciliation between the outside office collection of fees and the treasurer's records.

As noted in our Report on Internal Control over Financial Reporting, Compliance and Other Matters, conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Animal Shelter, Police Records, Crime Prevention, Recreation, Housing Inspections, Vital Registrar, Clerk, Public Works, Health Department, Engineering and Senior Citizen Center.

This reportable condition is the result of the staffing levels of the respective offices. The cost of any improved controls in this area should be weighed against the expected benefits of such controls when to determine if any cost effective actions can be taken to improve the control structure. No recommendation is required for this required disclosure.

During 2012 the Recreation Department discontinued the use of a cash ledger. Upon our discovery and reporting of this matter to responsible officials, the use of the cash receipts ledger was reinstated, thus mitigating the need for a corrective action.

During 2012 a test of receipts of the Bromley Center revealed that deposits were not being made within 48 hours as required by New Jersey State statutes. Several of the receipts were not deposited for over a week.

It is recommended that all receipts collected be deposited within 48 hours for the Bromley Center.

Recreation Department Cash Diversions

During the course of our audit we became aware of two instances wherein Township employees were identified as having allegedly diverted township revenues intended for deposit to Township bank accounts. Both employees were assigned to different locations within the Township's Recreation Division. As we note annually in the General Comments under "Internal Control Matters", based upon the staffing levels at many of the Township's offices, it is not possible to create the appropriate segregation of duties necessary to minimize the risk of cash diversions at these offices. Management decisions regarding staffing levels are based on a variety of factors, including the volume of work to be processed and the number of employees needed to process the workload. Additionally, in offices where current staffing levels do not allow for sufficient internal controls, management must consider how the costs of increasing staffing levels to improve internal control compares to the risk of losses through diversions of incoming revenues. Responsible stewardship of public moneys would indicate that, in instances where the additional costs to improve internal controls exceeds the estimated potential diversions that could occur in the existing control environment, it would be an inefficient use of Township resources to improve the internal controls. In layman's terms, it would be imprudent to increase spending an "X" factor to eliminate the risk that someone might divert an amount less than "X" .

Pending the resolution of these matters, no further comment is appropriate at this time. However, our evaluation of these matters indicates that the amounts diverted were not material to the Township's financial statements.

GENERAL COMMENTS

Other Trust Funds

We reviewed the other trust funds maintained by the Township to determine that the requisite dedication resolutions, which permit the direct expenditure of such funds without further authorizations, had been granted by the Department of Community Affairs. We noted that the Transportation Improvement District (TID), for which no approved dedication resolution was on file, is included in the Trust Other fund. The TID reported no of expenditures during 2012.

The TID was established by the Township in accordance with the governing state statute to permit the Township to collect additional fees from developers seeking to build within the designated geographic area. These fees may only be used to expand and improve the road system within that designated area. Our audit indicated that the TID expenditures were incurred for permitted projects. We also noted that resolutions were approved by the Township Council relating to these projects and the use of TID funds. However, our understanding of the Local Budget, Finance and Bond laws and regulations suggest that an appropriation by resolution may not be the appropriate action to authorize the expenditure of TID funds. Absent the approval of the TID as a dedicated Trust Fund in accordance with the Local Budget Law, we believe that appropriations of TID funds should be authorized by ordinance. We suggest that the guidance of the Township Attorney should be sought and followed for any future plans to utilize TID moneys for permitted capital improvements.

Trust Assessment Fund

Prospective Assessments funded and unconfirmed amounted to \$2,267,073.50 at December 31, 2012.

In SFY 2010 The Township issued Special Assessment Bonds, Series 2010C in the aggregate amount of \$1,523,000 to fund unconfirmed assessment ordinance, the Township subsequently confirmed the ordinance during the transition year 2010 in the amount of \$1,335,718.31. During 2012 the first payment was made for the Assessment Bonds. The 2012 Municipal Budget did not include a Statement of Revenues and Expenditures for the payment of the bonds.

It is recommended that the Municipal Budget include a budget for the revenue and expenditure for the Assessment Trust Fund.

Sewer Utility Operating Fund

The result of operation for the Sewer Utility Operating Fund is set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$17,550,468.16 and expenditures amounted to \$16,712,404.73 resulting in an excess in revenues of \$838,063.43. The calculation for "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in an excess for debt statement purposes of \$101,748.19 which allows for the deduction of \$66,314,680.64. Sewer Utility Debt in the calculation of the statutory net debt of the Township at December 31, 2012. A reconciliation of the excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in Note 3 to the financial statements.

Condition of Records - Division of Revenue Collection

The condition of the records maintained by the Division of Revenue Collection was very good. Computerized cash receipt records were proved to manual controls daily and in total monthly.

Subsidiary records maintained by the Division for third party tax title lien redemption's were found to be accurate and allowed for the timely refund of monies due to third party lien holders.

During 2012, the Division maintained a detailed manual record for Assessments Receivable and Other Accounts Receivable. This record, which is arranged in block/lot sequence to facilitate the tax search process, was found to be in good order.

GENERAL COMMENTS

Condition of Records – Finance Department

The Finance Department records were in very good condition.

As noted in our Report on Internal Control over Financial Reporting, Compliance and Other Matters, the computerized data processing system allows for the back dated posting of transactions for those individuals with security rights in the system. The ability to back post transactions can limit the effectiveness of the data processing system. In addition, the system does not provide the capability to access or print a general journal that limits the functionality and review of journal entries. A listing of all general journal entries made to the general ledger can be printed on a monthly basis. No recommendation is required for this required disclosure.

Self Insurance

The Township and its third-party administrator continued to manage the remaining claims still outstanding from a program of self-insurance for Workmen's Compensation and Liability claims. This program ceased in February 2002 when the Township became a member of the Garden State Municipal Joint Insurance Fund. Our review of the activity of the Self-Insurance Fund included a cash review of receipts, disbursements and cash reconciliations. Verification of claims is the responsibility of the Commissioners and Fund Administrator.

During the year ended December 31, 2012, the Township's contributions to the Self-Insurance Fund was \$2,424.00. During this period, payments of claims related costs totaled \$13,777.00.

The status of the Township's self-insurance cash reserves is set forth in Note 11.

Expansion of the Scope of the Audit Procedures Performed for 2012

A. Development of the Scope of the Expanded Audit Procedures

In response to ongoing legal matters involving the former mayor and two former department heads, and in response to Administration concerns that these matters may have impacted the Township's financial reporting and/or its internal controls over compliance with the laws and regulations that govern its financial operations, we began a risk assessment process in order to develop an expanded audit program that would focus additional efforts in this area. In the absence of any known facts or allegations of fraud or illegal acts that misappropriation of Township moneys or the diversion to personal use of Township assets by these individuals had occurred, we determined that the greatest risks to the Township's compliance and financial reporting would involve the inappropriate use of their authority to direct Township contracts to persons or companies that would not have otherwise received such contracts or to use their authority to influence other persons involved in the procurement process in a manner that would circumvent or weaken existing internal controls. Accordingly, our scope expansion focused on procurement process and the control environment in which Township purchasing occurs.

B. Expanded Auditing Procedures Performed

Our expanded procedures included:

- a. Inquiries to the Township's financial accounting software and data back-up provider to identify any keystrokes entered into the system directly by the former mayor and directors.
- b. Interviews with employees in the three affected offices to determine if they had ever been asked to make any unusual or inappropriate entries into the financial accounting system or process any purchase order requisitions for new vendors.

GENERAL COMMENTS

Expansion of the Scope of the Audit Procedures Performed for 2012(Cont'd.)

- c. Reviews and comparisons of detailed expenditure records for each of the three affected offices for a three year period to identify new vendors with total commitments exceeding the quote threshold of \$5,400.
 - d. Identification of all new vendors established in the Township's vendor registry during the years 2011 and 2012 with a one year commitment in excess of the quote threshold and reviews with the Township's Purchasing Agent to determine that the new vendor file was created by his department in conformity with the provisions of the Township Code and the NJ Public Contracts Law.
- C. Findings:
- a. The Township's financial accounting software is password protected and allows for limited authority to access the system and record entries on the system. The Township's software provider was able to confirm that none of the three former employees made any entries in the system while logged on using their personal passwords.
 - b. Interviews with employees in the three affected offices yielded no reported instances of any efforts on the part of the three former employees to have their staff members make any entries in the system that would be indicative of an attempt to circumvent the existing control policies and procedures or conceal fraud or illegal acts.
 - c. The Township's procurement process contains several significant internal controls that are designed specifically to ensure that legal and regulatory provisions relating to the ordering of goods and services, the legal commitment of available budgetary appropriations and the selection of vendors are adhered to. Some of the major systemic controls include:
 - i. Commitments of Township funds in the financial accounting system can only be made using the purchase order system.
 - ii. Departments can requisition goods or services only in the specified budgetary areas under their control. For example, the police department cannot create a requisition that charges line items under the control of the Department of Public Works.
 - iii. Requisitioners cannot create new vendor files in the system. Only the Office of the Purchasing Agent has the authority to create new vendors on the system on an ongoing basis. The Director of Finance also has the systemic ability to create new vendor files, but this authority was established solely to create a redundancy for emergent circumstances.
 - iv. Prior to the issuance of a Purchase Order, any requisition submitted to the Purchasing Agent is reviewed to determine compliance with the NJ Public Contracts Law. This review involves determinations that quotes have been obtained when needed, and that bids are solicited if the contract (including any prior commitments during the current fiscal year) exceeds the bid threshold, unless it is in compliance with another provision of the law permitting the waiver of public bidding, such as the use of state approved contracts.
 - v. Also prior to the issuance of a purchase order, the requisition is reviewed and approved by the Director of Finance, whose reviews include a determination of the appropriateness of the budget account being charged and the availability of unencumbered funds in that account to pay for the goods or services when delivered or rendered.

GENERAL COMMENTS

Expansion of the Scope of the Audit Procedures Performed for 2012(Cont'd.)

- vi. Payments to vendors for goods and services are not made until the vendor provides evidence of business registration with the State Department of Treasury, a vendor invoice is received and evidence of the receipt of goods or services is provided or certified to the finance department.
Our reviews and the results of the interviews we conducted did not indicate any managerial overrides of the controls by the three former employees or any effort to utilize other employees to override the controls in place.
- d. The review of new vendors created in the system indicated that new vendor files were created only by the Purchasing Agent, and that new vendors were created in response to successful bids, holders of state approved contracts, or other valid business purposes of the Township.

Administration and Accounting for State Grant Programs

During 2012, the Township operated programs, which were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Township is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. The examination of these grant programs indicated that the Township has expended grant funds during 2012 for the purposes authorized.

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Township initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

Financial Reporting Standard – GASB No. 45

Pursuant to the directive of the Division of Local Government Services, all municipal governments in New Jersey must comply with the disclosure requirements of Statement No. 45 of the Governmental Accounting Standards Board. This standard will require the Township to report annually the annual cost of post-employment benefits other than pensions and the unfunded actuarial accrued liability for past service costs. This reporting standard represents a radical change in the reporting of annual costs of benefits, as it requires recognition of the estimated costs of post-retirements healthcare benefits during the time each employee is providing services to the Township. The additional disclosure provided pursuant to GASB 45 provides financial statement users an estimate of the future costs of the existing benefits package.

PENDING LITIGATION

At December 31, 2012 and at the date of this report, the Township had pending litigation outstanding. This litigation is more fully discussed in Note 15.

GENERAL COMMENTS

Other Compliance Matters

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Township of Hamilton has installed compliant systems. Audit issues relating to the complete and timely recordation of encumbrances has been discussed in a previous section of the General Comments.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The primary focus of the Township’s efforts to account for its governmental fixed assets has been the completeness of its inventory records and the fair valuation of same. The Township has had success in this endeavor. However, the rules also require identification of funding sources, including identification of assets acquired or constructed in whole or in part with Federal or State funds. The Township has not complied with this rule.

N.J.A.C. 5:30 – 5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Township is in full compliance with this directive, and maintains a general ledger for all of its Funds subject to audit.

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Township prepare and file a corrective action plan in accordance with the approved schedule. A corrective action plan was filed for 2011 as required.

In accordance with LFN No. CFO-10, Uniform Construction Code expenditure records were tested for compliance with N.J.A.C. 5-23.17(C) 2. Compliance matters identified by this testing are discussed in a previous section of the General Comments.

RECOMMENDATIONS

That the Municipal Budget include a budget for the revenue and expenditure for the Assessment Trust Fund.

That all receipts collected be deposited within 48 hours for the Bromley Center.

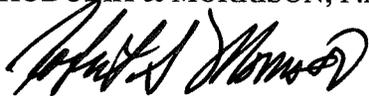
ACKNOWLEDGEMENT

During the course of our audit we received the complete cooperation of the various officials of the Township, and the courtesies extended to us were greatly appreciated.

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

Respectfully submitted,

HODULIK & MORRISON, P.A.



Robert S. Morrison, CPA, RMA
No. 412