

**TOWNSHIP OF MANCHESTER**

**COUNTY OF OCEAN**

**NEW JERSEY**

**REPORT ON**

**EXAMINATION OF ACCOUNTS**

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

**SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS**

**TOWNSHIP OF MANCHESTER**  
**COUNTY OF OCEAN, NEW JERSEY**

**CONTENTS**

<b><u>PART I</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report.....	2

**FINANCIAL STATEMENTS**

**CURRENT FUND**

**EXHIBIT**

A	Balance Sheet - Regulatory Basis.....	5
A-1	Operations and Change in Fund Balance - Regulatory Basis.....	7
A-2	Revenue - Regulatory Basis.....	8
A-2a	Revenue - Analysis of Realized Tax Collections - Regulatory Basis.....	9
A-2b	Revenue - Analysis of Other Licenses and Permits - Regulatory Basis.....	10
A-2c	Revenue - Analysis of Nonbudget Revenue - Regulatory Basis.....	11
A-3	Expenditures - Regulatory Basis.....	12

**TRUST FUND**

B	Balance Sheet - Regulatory Basis.....	19
---	---------------------------------------	----

**GENERAL CAPITAL FUND**

C	Balance Sheet - Regulatory Basis.....	20
C-1	Fund Balance - Regulatory Basis.....	21

**WATER UTILITY EASTERN SERVICE**

D	Balance Sheet - Regulatory Basis.....	22
D-1	Operations and Change in Fund Balance - Regulatory Basis.....	24
D-2	Capital Fund Balance - Regulatory Basis.....	25
D-3	Revenue - Operating Fund - Regulatory Basis.....	26
D-4	Expenditures - Regulatory Basis.....	27

**FINANCIAL STATEMENTS**  
**(Continued)**

**PUBIC ASSISTANCE TRUST FUND**

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
E	Balance Sheet - Regulatory Basis.....	28

**SEWER UTILITY EASTERN SERVICE**

F	Balance Sheet - Regulatory Basis.....	29
F-1	Operations and Change in Fund Balance - Regulatory Basis .....	31
F-2	Capital Fund Balance - Regulatory Basis.....	32
F-3	Revenue - Operating Fund - Regulatory Basis .....	33
F-4	Expenditures - Regulatory Basis.....	34

**PAYROLL FUND**

G	Balance Sheet - Regulatory Basis.....	35
---	---------------------------------------	----

**WATER UTILITY WESTERN SERVICE**

H	Balance Sheet - Regulatory Basis.....	36
H-1	Operations and Change in Fund Balance - Regulatory Basis.....	38
H-2	Revenue - Operating Fund - Regulatory Basis .....	39
H-3	Expenditures - Regulatory Basis.....	40

**SEWER UTILITY WESTERN SERVICE**

I	Balance Sheet - Regulatory Basis.....	41
I-1	Operations and Change in Fund Balance - Regulatory Basis.....	42
I-2	Revenue - Operating Fund - Regulatory Basis .....	43
I-3	Expenditures - Regulatory Basis.....	44

**CAPITAL FIXED ASSETS**

J	Balance Sheet - Regulatory Basis.....	45
---	---------------------------------------	----

	<b><u>NOTES TO FINANCIAL STATEMENTS</u></b> .....	46 - 68
--	---	---------

**SUPPLEMENTARY INFORMATION**

**CURRENT FUND**

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
A-4	Cash Receipts and Disbursements - Collector and Treasurer .....	69
A-5	Cash Receipts and Disbursements - Tax Collector .....	70
A-6	Change Fund - Collector .....	71
A-7	Due from State of New Jersey - Chapter 129, P.L. 1976 .....	72
A-8	Taxes Receivable and Analysis of Property Tax Levy .....	73
A-9	Tax Title Liens .....	74
A-10	Property Acquired for Taxes at Assessed Valuations .....	74
A-11	Interfunds Receivable .....	75
A-12	Revenue Accounts Receivable .....	76
A-13	Deferred Charges - Special Emergency Authorization .....	77
A-14	Federal and State Grant Receivables .....	78
A-15	SFY 2012 Appropriation Reserves .....	79
A-16	Interfunds Payable .....	84
A-17	Due to State of New Jersey (Ch. 129, P.L.1976) .....	84
A-18	Due to State of New Jersey .....	85
A-19	Tax Overpayments .....	85
A-20	Reserve for Unappropriated State Aid - PILOT .....	86
A-21	Accounts Payable .....	86
A-22	Special Emergency Note Payable .....	86
A-23	County Taxes Payable .....	87
A-24	Local School District Taxes Payable .....	87
A-25	Reserve for Tax Appeals .....	87
A-26	Reserve for Revaluation .....	88
A-27	Prepaid Taxes .....	88
A-28	Reserve for Federal and State Grants - Appropriated .....	89
A-29	Reserve for Federal and State Grants Aid Unappropriated .....	90

**TRUST FUND**

B-1	Cash Receipts and Disbursements - Checking Accounts .....	91
B-2	Community Development Block Grant Receivable .....	92
B-3	Animal Control Trust Fund - Due to State of New Jersey .....	93
B-4	Animal Control Trust Fund - Prepaid Dog Licenses .....	93
B-5	Animal Control Fund - Due to Current Fund .....	94
B-6	Animal Control Trust Fund - Reserve for Animal Control Expenditures .....	95
B-7	General Trust Fund - Interfunds Payable .....	96
B-8	Reserve for Manchester Day Trust Fund .....	96
B-9	Deposits for Redemption of Tax Title Liens .....	97
B-10	Special Escrow Deposits .....	98
B-11	State Unemployment Compensation Insurance Trust Fund .....	99
B-12	Police Drug Enforcement Trust Account .....	99
B-13	Municipal Drug Alliance Discretionary Reserves .....	100
B-14	Reserve for Public Defender Trust Fund .....	100
B-15	Reserve for Open Space Trust Fund .....	101
B-16	Reserve for Recreation Trust Fund .....	101
B-17	Community Development Block Grant Reserves .....	102
B-18	Reserve for Retirement Pay .....	103

**SUPPLEMENTARY INFORMATION**  
(Continued)

**GENERAL CAPITAL FUND**

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
C-2	Cash Receipts and Disbursements .....	104
C-3	Analysis of General Capital Cash .....	105
C-4	Interfunds Receivable .....	106
C-5	Deferred Charges to Future Taxation - Funded .....	107
C-6	Deferred Charges to Future Taxation - Unfunded .....	108
C-7	Green Acres Loan Payable .....	109
C-8	Capital Improvement Fund .....	110
C-9	Improvement Authorizations .....	111
C-10	Bond Anticipation Notes .....	112
C-11	Serial Bonds .....	113
C-12	Bonds and Notes Authorized but Not Issued .....	114

**WATER UTILITY EASTERN SERVICE**

D-5	Cash Receipts and Disbursements - Checking Accounts .....	115
D-6	Analysis of Water Capital Cash and Investments .....	116
D-7	Consumer Accounts Receivable .....	117
D-8	Water Liens .....	117
D-9	Connection Fees Receivable .....	117
D-10	Reserve for Inventory .....	118
D-11	Fixed Capital .....	118
D-12	Fixed Capital Authorized and Uncompleted .....	118
D-13	Appropriation Reserves .....	119
D-14	Accrued Interest on Bonds .....	120
D-15	Reserve for Escrow Deposits .....	120
D-16	Capital Improvement Fund .....	121
D-17	Reserve for Amortization .....	121
D-18	Deferred Reserve for Amortization .....	121
D-19	Improvement Authorizations .....	122
D-20	Serial Bonds .....	123

**PUBLIC ASSISTANCE TRUST FUND**

E-1	Cash Receipts and Disbursements - Public Assistance Accounts .....	124
E-2	Reserve for Public Assistance Expenditures .....	125
E-3	Reserve for Discretionary Trust Expenditures .....	125

**SUPPLEMENTARY INFORMATION**  
(Continued)

**SEWER UTILITY EASTERN SERVICE**

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
F-5	Cash Receipts and Disbursements - Checking Accounts.....	126
F-6	Investments .....	127
F-7	Analysis of Sewer Capital Cash and Investments.....	128
F-8	Sewer Operating Eastern Service - Due from Sewer Capital Eastern Service.....	129
F-9	Consumer Accounts Receivable .....	129
F-10	Connection Fees Receivable.....	130
F-11	Reserve for Inventory .....	130
F-12	Fixed Capital.....	131
F-13	Fixed Capital Authorized and Uncompleted .....	131
F-14	Appropriation Reserves .....	132
F-15	Reserve for Escrow Deposits .....	133
F-16	Accounts Payable.....	133
F-17	Accrued Interest on Bonds .....	134
F-18	Accrued Interest on Waste Water Loan.....	134
F-19	Sewer Capital Eastern Service - Due to Sewer Operating Eastern Service ..	135
F-20	Capital Improvement Fund .....	135
F-21	Deferred Reserve for Amortization.....	136
F-22	Due to State of New Jersey - Waste Water Treatment Loan Payable.....	136
F-23	Reserve for Amortization .....	137
F-24	Improvement Authorizations.....	138
F-25	Serial Bonds .....	139

**PAYROLL FUND**

G-1	Cash Receipts and Disbursements.....	140
G-2	Payroll Deductions Payable - TY 2012.....	141

**WATER UTILITY WESTERN SERVICE**

H-4	Cash Receipts and Disbursements - Checking Accounts.....	142
H-5	Analysis of Water Capital Western Service - Cash and Investments.....	143
H-6	Change Fund .....	144
H-7	Water Operating Fund - Due from Water Capital Western Service Fund .....	144
H-8	Consumer Accounts Receivable .....	144
H-9	Water Liens.....	145
H-10	Fixed Capital.....	145
H-11	Fixed Capital Authorized and Uncompleted .....	145
H-12	Appropriation Reserves .....	146
H-13	Water Operating Fund - Interfunds Payable.....	147
H-14	Accrued Interest on Bonds .....	148
H-15	Water Capital Fund - Due to Water Operating Western Service Fund .....	148

**SUPPLEMENTARY INFORMATION**  
(Continued)

**WATER UTILITY WESTERN SERVICE**  
(Continued)

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
H-16	Improvement Authorizations.....	149
H-17	Reserve for Amortization.....	149
H-18	Serial Bonds.....	150

**SEWER UTILITY WESTERN SERVICE**

I-4	Cash Receipts and Disbursements.....	151
I-5	Analysis of Sewer Capital Western Service - Cash and Investments.....	152
I-6	Consumer Accounts Receivable.....	153
I-7	Utility Western Liens.....	153
I-8	Fixed Capital.....	153
I-9	Fixed Capital Authorized and Uncompleted.....	154
I-10	Sewer Operating Fund - Due from Sewer Capital Western Service.....	154
I-11	Appropriation Reserves.....	155
I-12	Accrued Interest on Bonds.....	156
I-13	Sewer Capital Fund - Due to Sewer Operating Western Service.....	156
I-14	Improvement Authorizations.....	157
I-15	Reserve for Amortization.....	157
I-16	Serial Bonds.....	158

**PART II**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	160
---	-----

**ROSTER OF OFFICIALS AND SURETY BONDS, LETTER OF TRANSMITTAL, COMMENTS AND RECOMMENDATIONS**

Officials in Office and Surety Bonds.....	162
Letter of Transmittal.....	163
Comments.....	164
Recommendation.....	167

**PART I**  
**REPORT ON EXAMINATION**  
**FINANCIAL STATEMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY EXHIBITS**  
**TRANSITION YEAR ENDED DECEMBER 31, 2012**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Township Council  
Township of Manchester  
Manchester, New Jersey 08759

### Report on the Financial Statements

We have audited the financial statements - regulatory basis of the various funds and account groups of the Township of Manchester, in the County of Ocean, as of and for the year then ended December 31, 2012 and the related notes to the financial statements, as listed in the foregoing table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by 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 fraud or error.

### Auditor's Responsibility

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

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

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

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012, and the results of its operations for the transition year then ended.

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

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Manchester at December 31, 2012, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

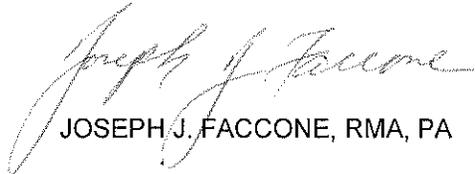
The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013 on our consideration of the Township of Manchester's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Manchester's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 12, 2013

TOWNSHIP OF MANCHESTER  
CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

A  
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec 31, 2012</u>
Cash - Treasurer	A-4	\$ 5,676,214.46
Change Fund	A-6	470.00
		<u>5,676,684.46</u>
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	A-8	526,437.95
Tax Title Liens	A-9	208,274.98
Property Acquired for Taxes at Assessed Valuations	A-10	942,474.28
Interfunds Receivable	A-11	20,808.45
Revenue Accounts Receivable	A-12	45,809.75
		<u>1,743,805.41</u>
Deferred Charges:		
Special Emergency Authorization	A-13	595,000.00
		<u>8,015,489.87</u>
<u>Federal and State Grant Fund</u>		
Cash	A-4	250,636.06
Federal and State Grant Receivables	A-14	97,834.50
		<u>348,470.56</u>
		<u>\$ 8,363,960.43</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

A  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec 31, 2012</u>
Expenditure Accounts:		
Appropriation Reserves:		
Encumbered	A-3	\$ 451,105.29
Unencumbered	A-3	1,436,807.63
Interfunds Payable	A-16	95,000.00
Due to State of New Jersey:		
(Ch. 129, P.L. 1976)	A-17	34,347.35
DCA Surcharge	A-18	6,083.00
Marriage License Fees	A-18	287.00
Tax Overpayments	A-19	65,051.96
Reserve for Unappropriated State Aid - Pilot	A-20	159,227.00
Accounts Payable	A-21	333,080.29
Special Emergency Note Payable	A-22	595,000.00
County Taxes Payable	A-23	26,047.62
Reserve for Tax Appeals	A-25	142,061.01
Reserve for Revaluation	A-26	109,200.00
Prepaid Taxes	A-27	2,991.00
		<u>3,456,289.15</u>
Reserve for Receivables and Other Assets		1,743,805.41
Fund Balance	A-1	<u>2,815,395.31</u>
		<u>8,015,489.87</u>
 <u>Federal and State Grant Fund</u>		
Reserve for Federal and State Grants -		
Appropriated	A-28	217,838.93
Reserve for Federal and State Aid		
Unappropriated	A-29	<u>130,631.63</u>
		<u>348,470.56</u>
		<u>\$ 8,363,960.43</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

	<u>Ref.</u>	<u>Transition Year</u> <u>2012</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	A-2	\$ 525,000.00
Miscellaneous Revenue Anticipated	A-2	4,441,305.16
Receipts from Delinquent Taxes	A-2a	73,960.67
Receipts from Current Taxes	A-2a	36,608,258.59
Nonbudget Revenue	A-2c	394,897.90
Other Credits to Income:		
Prior Year Senior Citizens/Veterans	A-7	750.00
Unexpended Balances of Appropriation Reserves	A-15	733,041.40
		<u>42,777,213.72</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operations		11,537,471.06
Debt Service		1,038,638.87
Deferred Charges and Statutory Expenditures		542,600.00
	A-3	<u>13,118,709.93</u>
Municipal Open Space Taxes	A-2a	192,460.00
Refund of Prior Year Revenues	A-4	5,821.69
Interfunds Established	A-11	384.12
County Taxes Payable	A-23	6,780,393.69
Local School District Taxes Payable	A-24	20,758,378.50
		<u>40,856,147.93</u>
Statutory Excess in Revenue		1,921,065.79
 <u>Fund Balance</u>		
Balance June 30		<u>1,419,329.52</u>
		3,340,395.31
 Decreased by:		
Utilized as Anticipated Revenue	Above	<u>525,000.00</u>
Balance December 31	A	<u>\$ 2,815,395.31</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

A-2

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 525,000.00	\$ 525,000.00	\$
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-12	2,750.00	250.00	(2,500.00)
Other	A-2b	6,333.00	7,055.00	722.00
Other Fees and Permits	A-2b	275,000.00	322,701.56	47,701.56
Municipal Court	A-12	220,000.00	283,582.82	63,582.82
Interest and Costs on Taxes	A-5	55,000.00	98,559.95	43,559.95
Interest on Investments	A-12	25,000.00	13,308.17	(11,691.83)
Energy Receipts Tax	A-12	2,774,752.00	2,774,752.00	
Uniform Construction Fees	A-12	272,275.00	243,152.00	(29,123.00)
Consolidated Municipal Property Tax Relief Act	A-12	156,910.00	156,910.00	
Unappropriated Reserve - Pilot - Garden State Trust	A-20	159,227.00	159,227.00	
First and Second Avenues - Unappropriated	A-14	82,512.26	82,512.26	
Senior Outreach Grant	A-14	75,000.00	75,000.00	
Unappropriated Reserve - Body Armor Grant	A-14	7,647.66	7,647.66	
Municipal Drug Alliance	A-14	7,500.00	7,500.00	
Senior Outreach - Unappropriated	A-14	12,100.00	12,100.00	
Tower Rental	A-12	22,000.00	23,771.40	1,771.40
Senior Citizens' and Veterans' Post Year Statements	A-12	25,000.00	39,158.74	14,158.74
Hotel Tax	A-12	10,000.00	14,046.84	4,046.84
Reimbursement for In-Kind Facilities and Security Services	A-12	350,000.00	100,000.00	(250,000.00)
Ocean County Recycling Revenue Fund	A-12	40,000.00	20,069.76	(19,930.24)
Total Miscellaneous Revenue	A-1	<u>4,579,006.92</u>	<u>4,441,305.16</u>	<u>(137,701.76)</u>
Receipts from Delinquent Taxes	A-2a	<u>800,000.00</u>	<u>73,960.67</u>	<u>(726,039.33)</u>
		5,379,006.92	4,515,265.83	(863,741.09)
Amount to be Raised by Taxation	A-2a,8	<u>10,288,856.84</u>	<u>9,345,044.10</u>	<u>(943,812.74)</u>
		15,667,863.76	13,860,309.93	(1,807,553.83)
Nonbudget Revenue	A-2c	<u>                    </u>	<u>394,897.90</u>	<u>394,897.90</u>
	A-3	<u>\$16,192,863.76</u>	<u>\$14,780,207.83</u>	<u>\$ (1,412,655.93)</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF REALIZED TAX COLLECTIONS - REGULATORY BASIS

A-2a

	<u>Ref.</u>		
<u>Current Tax Collections</u>			
TY 2012 Collections	A-8	\$35,495,042.86	
Prepaid Applied	A-8	20,870.44	
Due from State of New Jersey: (Ch. 129, P.L. 1976)	A-8 A-1	<u>1,092,345.29</u>	\$36,608,258.59
Allocated to:			
Municipal Open Space	A-1,8	192,460.00	
County Taxes	A-23	6,780,393.69	
Local School District Tax	A-24	<u>20,758,378.50</u>	<u>27,731,232.19</u>
Balance for Support of Municipal Budget Appropriations			8,877,026.40
Plus: Reserve for Uncollected Taxes	A-3		<u>468,017.70</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 9,345,044.10</u>
<u>Receipts from Delinquent Taxes</u>			
Delinquent Tax Collections	A-8	\$ 54,137.99	
Tax Title Liens	A-9	<u>19,822.68</u>	
	A-1,2		<u>\$ 73,960.67</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF OTHER LICENSES AND PERMITS - REGULATORY BASIS

A-2b

	<u>Ref.</u>		
<u>Other Licenses</u>			
Township Clerk	A-12	\$ 6,575.00	
Health Officer	A-12	<u>480.00</u>	
	A-2		<u>\$ 7,055.00</u>
<u>Other Fees and Permits</u>			
Township Clerk	A-12	\$ 108,566.00	
Tax Collector	A-12	16,783.02	
Land Use	A-12	5,625.00	
Recreation Department	A-12	17,835.00	
Zoning Board	A-12	10,255.00	
Registrar of Vital Statistics	A-12	32,443.00	
Housing	A-12	31,850.00	
Engineering Department	A-12	4,751.00	
Building Inspector	A-12	48,453.00	
Police Department	A-12	10,970.54	
Beach Badges	A-12	<u>35,170.00</u>	
	A-2		<u>\$ 322,701.56</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF NONBUDGET REVENUE - REGULATORY BASIS

A-2c

	<u>Ref.</u>	
<u>Miscellaneous Revenue Not Anticipated</u>		
Uniform Fire Safety Act		\$ 80,286.53
Sale of Assets		11,661.71
Recycling		43,823.39
Copies		346.62
Administrative Fees for Police Off-Duty		18,995.68
Senior Outreach Donations		3,974.00
Sale of Scrap Metal		18,835.10
N.J. Energy Rebate		16,297.54
Miscellaneous		132.86
DMV Inspection Fines		6,194.00
Prior Year Budget Refund		32,775.09
Presby - Pilot		23,083.50
Beckerville - Pilot		67,423.52
JIF Dividend		<u>69,569.96</u>
	A-4	\$ 393,399.50
Excess in Animal Control Fund	A-11	<u>1,498.40</u>
Realized Revenue	A-1,2	<u><u>\$ 394,897.90</u></u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #1

Appropriations	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>OFFICE OF THE MAYOR</u>						
Office of the Mayor:						
Salaries and Wages	\$ 35,000.00	\$ 35,000.00	\$ 34,476.91	\$ 631.00	\$ 523.09	\$
Other Expenses	1,700.00	1,700.00	250.00		759.00	
Environmental Commission:						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	100.00	100.00			100.00	
Veterans' Advisory Committee:						
Other Expenses	1,000.00	1,000.00	100.00		900.00	
Office of the Clerk:						
Salaries and Wages	57,000.00	57,000.00	49,719.40		7,280.60	
Other Expenses	26,000.00	26,000.00	13,539.53	3,670.49	8,789.98	
Municipal Audit:						
Other Expenses	46,000.00	46,000.00			46,000.00	
Zoning Board of Adjustments:						
Other Expenses	18,000.00	18,000.00	3,727.50		14,272.50	
<u>DEPARTMENT OF ADMINISTRATION</u>						
Office of the Tax Assessor:						
Salaries and Wages	145,000.00	145,000.00	143,130.71		1,869.29	
Other Expenses	7,500.00	7,500.00	2,743.52	2,378.55	2,377.93	
Division of Administration, Purchasing and Personnel:						
Salaries and Wages	100,000.00	100,000.00	77,902.62		22,097.38	
Other Expenses	110,000.00	110,000.00	47,108.97	25,620.67	37,270.36	
Division of Recreation:						
Salaries and Wages	260,000.00	230,000.00	225,212.37		4,787.63	
Other Expenses	80,000.00	70,000.00	50,682.25	1,243.94	18,073.81	
Division of Data Processing:						
Salaries and Wages	60,000.00	60,000.00	59,270.60		729.40	
Other Expenses	30,000.00	30,000.00	14,676.89	12,904.90	2,418.21	

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #2

Appropriations	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
<b>DEPARTMENT OF PUBLIC WORKS</b>						
Division of Administration and Streets:						
Salaries and Wages	\$ 640,000.00	\$ 690,000.00	\$ 676,677.80	\$ 41,635.40	\$ 13,322.20	\$
Other Expenses	110,000.00	110,000.00	65,150.60		3,214.00	
Division of Building and Grounds:						
Salaries and Wages	55,000.00	52,000.00	51,271.38		728.62	
Other Expenses	50,000.00	50,000.00	23,623.67	23,804.40	2,571.93	
Division of Sanitation and Recycling:						
Salaries and Wages	25,000.00	22,000.00	21,439.48		560.52	
Other Expenses	250,000.00	250,000.00	232,002.98	1,460.00	16,537.02	
Division of Central Maintenance:						
Salaries and Wages	115,000.00	109,000.00	105,180.55		3,819.45	
Other Expenses	112,500.00	137,500.00	69,102.99	59,617.03	8,779.98	
Division of Lakes, Parks and Playgrounds:						
Salaries and Wages	50,000.00	50,000.00	36,610.29		13,389.71	
Other Expenses	22,000.00	22,000.00	14,328.76	4,932.47	2,738.77	
<b>DEPARTMENT OF PUBLIC SAFETY</b>						
Police:						
Salaries and Wages	3,700,000.00	3,700,000.00	3,659,475.18		40,524.82	
Other Expenses	319,400.00	294,400.00	104,838.54	176,029.51	13,531.95	
Police Clerical and Computer:						
Salaries and Wages	337,000.00	354,000.00	343,572.28		10,427.72	
Division of Animal Control:						
Salaries and Wages	25,000.00	25,000.00	25,000.00			
Other Expenses	21,000.00	21,000.00	10,363.60			
Division of Emergency Management:						
Salaries and Wages	4,500.00	4,500.00	1,076.89	3,250.00	173.11	
Other Expenses	2,500.00	2,500.00	251.64	961.06	1,287.30	

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #3

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
<b>DEPARTMENT OF LAND USE AND PLANNING</b>						
Division of Zoning and Planning:						
Salaries and Wages	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$	\$
Other Expenses	26,000.00	26,000.00	20,264.73	100.00		5,635.27
Uniform Fire Safety Act:						
Salaries and Wages	13,000.00	13,000.00	13,000.00			
Other Expenses	500.00	500.00	500.00			
<b>DEPARTMENT OF FINANCE</b>						
Financial Administration:						
Salaries and Wages	48,000.00	48,000.00	43,541.13			4,458.87
Other Expenses	12,000.00	12,000.00	2,753.20	3,454.08		5,792.72
Division of Revenue Collection:						
Salaries and Wages	85,000.00	85,000.00	82,425.98			2,574.02
Other Expenses	37,000.00	37,000.00	21,520.86	5,579.85		9,899.29
<b>DEPARTMENT OF ENGINEERING</b>						
Engineering:						
Other Expenses	64,600.00	64,600.00	21,147.11			43,452.89
<b>DEPARTMENT OF LAW</b>						
Township Attorney:						
Other Expenses	90,000.00	90,000.00	50,211.64	1,894.74		37,893.62
Municipal Prosecutor:						
Other Expenses	20,000.00	20,000.00	14,666.64			5,333.36
Closing Costs for Foreclosed Properties:						
Other Expenses	10,000.00	10,000.00	10,000.00			
<b>OTHER</b>						
Municipal Court:						
Salaries and Wages	148,000.00	148,000.00	140,596.49	177.90		7,225.61
Other Expenses	11,000.00	11,000.00	4,983.26			6,016.74

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #4

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled	
	Budget	Modified Budget		Encumbered	Reserved		Unencumbered
<u>APPROPRIATIONS WITHIN "CAPS"</u>							
<u>OTHER</u>							
Public Defender (P.L. 1997, C.256):							
Salaries and Wages	\$ 9,500.00	\$ 9,500.00	\$ 2,916.68	\$	\$ 6,583.32	\$	
Hepatitis Inoculation Program:							
Other Expenses	5,000.00	5,000.00			5,000.00		
OSHA Requirements - Respirator Testing:							
Other Expenses	7,500.00	7,500.00			7,500.00		
Insurance:							
General Liability	100,000.00	100,000.00				100,000.00	
Worker's Compensation	115,955.74	100,955.74			955.74	100,000.00	
Employee Group Health	2,500,000.00	2,500,000.00	1,788,651.54	1,197.07	410,151.39	300,000.00	
Employee Opt Out Payments	280,000.00	280,000.00	270,481.14		9,518.86		
<u>DEPARTMENT OF UNIFORM CONSTRUCTION CODE</u>							
Uniform Construction Code:							
Salaries and Wages	175,000.00	175,000.00	167,354.20		7,645.80		
Other Expenses	45,000.00	45,000.00	17,204.94	5,257.83	22,537.23		
<u>UNCLASSIFIED</u>							
Utilities:							
Gasoline	300,000.00	300,000.00	208,581.80	75,244.40	16,173.80		
Electricity	125,000.00	125,000.00	100,561.18		24,438.82		
Telephone	75,000.00	75,000.00	58,097.38		16,902.62		
Natural Gas	10,000.00	10,000.00	2,694.12		7,305.88		
Heating Oil	8,000.00	8,000.00			8,000.00		
Street Lighting	90,000.00	90,000.00	38,618.23		51,381.77		
Accumulated Leave Compensation	200,000.00	200,000.00	84,621.92		115,378.08		
Housing Interest Fees	95,130.40	95,130.40			95,130.40		
<u>CONTINGENT</u>	5,000.00	5,000.00			5,000.00		
Total Operations	11,577,886.14	11,577,886.14	9,377,902.07	451,105.29	1,248,878.78	500,000.00	

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #5

Appropriations	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
Detail:						
Salaries and Wages	\$ 6,337,500.00	\$ 6,162,500.00	\$ 6,009,850.94	\$ 451,105.29	\$ 244,351.56	\$ 500,000.00
Other Expenses	5,240,386.14	5,415,386.14	3,368,051.13		1,004,527.22	
<b>STATUTORY EXPENDITURES</b>						
Contribution to:						
Reserve for N.J. Unemployment Trust Retirement Program	15,000.00	15,000.00	15,000.00		2,600.00	
Public Employees' Retirement System: Social Security System (OAS)	525,000.00	525,000.00	428,271.15		96,728.85	
	542,600.00	542,600.00	443,271.15		99,328.85	
Total Appropriations Within "CAPS"	12,120,486.14	12,120,486.14	9,821,173.22	451,105.29	1,348,207.63	500,000.00
<b>APPROPRIATIONS EXCLUDED FROM "CAPS"</b>						
<b>OTHER OPERATIONS</b>						
Reserve for Tax Appeals	988,600.00	988,600.00			88,600.00	900,000.00
Total Other Operations - Excluded from "CAPS"	988,600.00	988,600.00			88,600.00	900,000.00
<b>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</b>						
Senior Outreach Program:						
Salaries and Wages	75,000.00	75,000.00	75,000.00			
Unappropriated Reserve - Federal Share	12,100.00	12,100.00	12,100.00			
Local Match	185,725.00	185,725.00	185,725.00			

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #6

Appropriations	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
	\$ 7,647.66	\$ 7,647.66	\$ 7,647.66	\$	\$	\$
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Unappropriated Reserve - Body Armor Grant:						
Other Expenses						
Clean Communities Grant:						
Salaries and Wages	82,512.26	82,512.26	82,512.26			
Municipal Drug Alliance:						
Other Expenses	7,500.00	7,500.00	7,500.00			
Local Share	500.00	500.00	500.00			
Total Public and Private Programs Offset by Revenues	370,984.92	370,984.92	370,984.92		88,600.00	900,000.00
Total Operations Excluded from "CAPS"	1,359,584.92	1,359,584.92	370,984.92		88,600.00	900,000.00
Detail:						
Salaries and Wages	355,837.26	157,512.26	157,512.26			
Other Expenses	1,003,747.66	1,202,072.66	213,472.66		88,600.00	900,000.00
Capital Improvements Capital Improvement Fund	50,000.00	50,000.00				50,000.00
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	1,050,000.00	1,050,000.00	400,000.00			650,000.00
Interest on Bonds	477,375.00	477,375.00	248,148.75			229,226.25
Interest on Bond and Capital Notes	227,400.00	227,400.00	227,400.00			
Interest on Notes	90,000.00	90,000.00	88,029.78			1,970.22
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	85,000.00	85,000.00	75,060.34			9,939.66
	1,929,775.00	1,929,775.00	1,038,638.87			891,136.13

TOWNSHIP OF MANCHESTER  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #7

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>Appropriations</u>						
Deferred Charges:						
Special Emergency Authorizations:						
5 Years (N.J.S. 40A:4-55)	\$ 105,000.00	\$ 105,000.00	\$	\$	\$	\$ 105,000.00
3 Years (N.J.S. 40A:4-55.1 and 40A:4-55.13)	60,000.00	60,000.00				60,000.00
Paydown of Ordinances	100,000.00	100,000.00				100,000.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,604,359.92</u>	<u>3,604,359.92</u>	<u>1,409,623.79</u>	<u>-</u>	<u>88,600.00</u>	<u>2,106,136.13</u>
Sub-Total General Appropriations	15,724,846.06	15,724,846.06	11,230,797.01	451,105.29	1,436,807.63	2,606,136.13
Reserve for Uncollected Taxes	468,017.70	468,017.70	468,017.70			
Total General Appropriations	<u>\$ 16,192,863.76</u>	<u>\$ 16,192,863.76</u>	<u>\$ 11,698,814.71</u>	<u>\$ 451,105.29</u>	<u>\$ 1,436,807.63</u>	<u>\$ 2,606,136.13</u>
		<u>Below</u>	<u>Below</u>	<u>A</u>	<u>A</u>	<u>Below</u>
Reference						
Adopted Budget	A-2	\$ 16,192,863.76	\$			
Reserve for Uncollected Taxes	A-2a	(468,017.70)	468,017.70			
Cash Expended	A-4		10,859,812.09			
Cancelled	Above	(2,606,136.13)				
Matching Funds for Federal and State Grants	A-4,28		186,225.00			
Reserve for Federal and State Grants	A-28		184,759.92			
	A-1,Above	<u>\$ 13,118,709.93</u>	<u>\$ 11,698,814.71</u>			

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
TRUST FUND

BALANCE SHEET - REGULATORY BASIS

B

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Animal Control Trust Fund</u>		
Cash	B-1	\$ 46,444.12
<u>General Trust Fund</u>		
Cash:		
Special Deposits/Performance Bonds	B-1	3,327,001.21
Redemption Trust Fund	B-1	601,537.49
State Unemployment Compensation Insurance		
Trust Fund	B-1	199,146.08
Police Drug Enforcement Trust Account	B-1	40,666.75
Municipal Drug Alliance	B-1	3,630.14
Public Defender Trust Fund	B-1	51,200.91
Manchester Day Trust Fund	B-1	2,630.80
Open Space Trust Fund	B-1	235,226.60
Recreation Trust Fund	B-1	13,729.28
		<u>4,474,769.26</u>
Community Development Block Grant Receivable	B-2	65,000.00
		<u>4,539,769.26</u>
		<u>\$ 4,586,213.38</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Animal Control Trust Fund</u>		
Due to State of New Jersey	B-3	\$ 43.60
Prepaid Licenses	B-4	15,906.60
Due to Current Fund	B-5	7,132.72
Reserve for Animal Control Expenditures	B-6	23,361.20
		<u>46,444.12</u>
 <u>General Trust Fund</u>		
Interfunds Payable	B-7	13,675.73
Manchester Day Trust Fund	B-8	2,630.80
Deposits for Redemption of Tax Title Liens	B-9	601,537.49
Special Deposits	B-10	3,320,711.98
State Unemployment Compensation Insurance		
Trust Fund	B-11	199,146.08
Police Drug Enforcement Trust Account	B-12	40,666.75
Municipal Drug Alliance	B-13	3,630.14
Public Defender Fees	B-14	51,200.91
Open Space Trust Fund	B-15	235,226.60
Recreation Trust Fund	B-16	13,729.28
Community Development Block Grant Reserves	B-17	56,750.00
Retirement Pay	B-18	863.50
		<u>4,539,769.26</u>
		<u>\$ 4,586,213.38</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

BALANCE SHEET - REGULATORY BASIS

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Cash	C-2	\$ 1,801,562.71
Interfunds Receivable	C-4	95,000.00
Deferred Charges to Future Taxation:		
Funded	C-5	12,534,891.37
Unfunded	C-6	6,196,082.18
		<u>\$ 20,627,536.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	C-11	\$ 11,348,000.00
Bond Anticipation Notes	C-10	5,657,600.00
Green Acres Loan Payable	C-7	1,186,891.37
Capital Improvement Fund	C-8	476,205.45
Improvement Authorizations:		
Funded	C-9	272,833.64
Unfunded	C-9	1,350,355.46
Fund Balance	C-1	335,650.34
		<u>\$ 20,627,536.26</u>
Bonds and Notes Authorized but Not Issued	C-12	<u>\$ 538,606.50</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Ref.</u>	
Balance June 30, 2012		\$ 309,341.34
Increased by:		
Premium on Sale of Notes	C-2	<u>26,309.00</u>
Balance December 31, 2012	C	<u>\$ 335,650.34</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

D  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Operating Fund</u>		
Cash:		
Checking	D-5	\$ 797,343.36
Escrow	D-5	310,552.08
		<u>1,107,895.44</u>
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	D-7	124,811.19
Water Liens	D-8	3,304.69
Connection Fees Receivable	D-9	1,010.00
Inventory	D-10	30,129.67
		<u>159,255.55</u>
		<u>1,267,150.99</u>
<u>Capital Fund</u>		
Cash - Checking	D-5	2,258,740.39
Fixed Capital	D-11	9,978,577.73
Fixed Capital Authorized and Uncompleted	D-12	204,105.45
		<u>12,441,423.57</u>
		<u>\$13,708,574.56</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

D  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	D-4	\$ 56,311.48
Unencumbered	D-4	85,920.59
Reserve for Accrued Interest on Bonds	D-14	8,778.72
Reserve for Escrow Deposits	D-15	<u>310,552.08</u>
		461,562.87
Reserve for Receivables and Inventory		159,255.55
Fund Balance	D-1	<u>646,332.57</u>
		<u>1,267,150.99</u>
 <u>Capital Fund</u>		
Serial Bonds	D-20	1,855,000.00
Capital Improvement Fund	D-16	2,017,889.94
Reserve for Amortization	D-17	7,165,760.00
Deferred Reserve for Amortization	D-18	1,161,923.18
Improvement Authorizations:		
Funded	D-19	204,105.45
Fund Balance	D-2	<u>36,745.00</u>
		<u>12,441,423.57</u>
		<u><u>\$13,708,574.56</u></u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

D-1

	<u>Ref.</u>	<u>Transition</u> <u>Year 2012</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	D-3	\$ 440,000.00
Water Rents and Liens	D-3	1,252,895.00
Miscellaneous Revenue	D-3	64,292.72
Other Credits to Income:		
Appropriation Reserves Lapsed	D-13	195,335.85
		<u>1,952,523.57</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages		350,070.00
Other Expenses		535,800.00
Debt Service		445,130.00
Statutory Expenditures		35,000.00
	D-4	<u>1,366,000.00</u>
 Excess in Revenue		 586,523.57
 <u>Fund Balance</u>		
Balance July 1		<u>499,809.00</u>
		1,086,332.57
 Decreased by:		
Utilized as Anticipated Revenue	Above	<u>440,000.00</u>
 Balance December 31, 2012	 D	 <u>\$ 646,332.57</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

D-2

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$36,745.00</u>
Balance December 31, 2012	D	<u>\$36,745.00</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

STATEMENT OF REVENUE  
OPERATING FUND - REGULATORY BASIS

D-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	D-1	\$ 440,000.00	\$ 440,000.00	\$
Rents and Liens	D-1,7	1,061,000.00	1,252,895.00	191,895.00
Miscellaneous	D-1,Below	<u>40,000.00</u>	<u>64,292.72</u>	<u>24,292.72</u>
Total Budget	D-4	<u>\$ 1,541,000.00</u>	<u>\$ 1,757,187.72</u>	<u>\$ 216,187.72</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Other Revenue:				
Connection Fees	D-9	\$	\$ 23,184.00	
Interest on Deposits		1,887.81		
Service Charges		990.00		
Meter Fees		2,254.00		
Lateral Installation Fees		600.00		
Interest on Delinquent Accounts		7,892.58		
Water Application		300.00		
Escrow Charges		<u>27,184.33</u>		
	D-5		<u>41,108.72</u>	
	Above		<u>\$ 64,292.72</u>	

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-4

	<u>TY 2012 Budget Appropriation</u>	<u>TY 2012 Modified Budget</u>	<u>Expended</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Unencumbered</u>	<u>Balance Cancelled</u>
<u>Operating</u>							
Salaries and Wages	\$ 425,070.00	\$ 425,070.00		\$ 331,459.55	\$	\$ 18,610.45	\$ 75,000.00
Other Expenses	635,800.00	635,800.00		421,821.72	56,311.48	57,666.80	100,000.00
	<u>1,060,870.00</u>	<u>1,060,870.00</u>		<u>753,281.27</u>	<u>56,311.48</u>	<u>76,277.25</u>	<u>175,000.00</u>
<u>Debt Service</u>							
Bond Principal	420,000.00	420,000.00		420,000.00			
Interest on Bonds	25,130.00	25,130.00		25,130.00			
	<u>445,130.00</u>	<u>445,130.00</u>		<u>445,130.00</u>			
<u>Statutory Expenditures</u>							
Contribution to:							
Social Security System	35,000.00	35,000.00		25,356.66		9,643.34	
	<u>\$ 1,541,000.00</u>	<u>\$ 1,541,000.00</u>		<u>\$ 1,223,767.93</u>	<u>\$ 56,311.48</u>	<u>\$ 85,920.59</u>	<u>\$ 175,000.00</u>
<u>Reference</u>	<u>D-3</u>	<u>Below</u>		<u>Below</u>	<u>D</u>	<u>D</u>	<u>Below</u>
<u>Ref.</u>							
Modified Budget		\$ 1,541,000.00		\$			
Cancelled	Above	(175,000.00)					
Cash Disbursed	Above			1,198,637.93			
Accrued Interest on Bonds	D-5			25,130.00			
	D-14						
	D-1, Above			<u>\$ 1,223,767.93</u>			

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEET - REGULATORY BASIS

E

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>
<u>Trust Fund Account #1</u>		
Cash	E-1	\$ 2,633.62
<u>Discretionary Fund</u>		
Cash	E-1	<u>418.61</u>
		<u>\$ 3,052.23</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Trust Fund Account #1</u>		
Reserve for Public Assistance Expenditures	E-2	\$ 2,633.62
<u>Discretionary Fund</u>		
Reserve for Discretionary Trust Expenditures	E-3	<u>418.61</u>
		<u>\$ 3,052.23</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

F  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Operating Fund</u>		
Cash - Checking	F-5	\$ 2,986,138.12
Cash - Escrow	F-5	197,257.82
		<u>3,183,395.94</u>
Due from Sewer Capital Eastern Service	F-8	<u>585.74</u>
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	F-9	74,084.59
Connection Fees Receivable	F-10	1,435.00
Inventory	F-11	28,739.09
		<u>104,258.68</u>
		<u>3,288,240.36</u>
<u>Capital Fund</u>		
Cash - Checking	F-5	2,327,037.84
Investment	F-6	595,000.00
Fixed Capital	F-12	11,905,092.90
		<u>14,827,130.74</u>
		<u>\$18,115,371.10</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

F  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Ref.	Balance Dec. 31, 2012
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	F-4	\$ 40,370.26
Unencumbered	F-4	72,633.58
Reserve for Escrow Deposits	F-15	197,257.82
Accounts Payable	F-16	100,000.00
Accrued Interest on Bonds	F-17	10,964.20
Accrued Interest on Waste Water Loan	F-18	25,550.38
		446,776.24
Reserve for Receivables and Inventory		104,258.68
Fund Balance	F-1	2,737,205.44
		3,288,240.36
 <u>Capital Fund</u>		
Serial Bonds	F-25	2,060,000.00
Due to Sewer Operating Eastern Service	F-19	585.74
Capital Improvement Fund	F-20	2,938,280.62
Due to State of New Jersey - Waste Water		
Treatment Loan Payable	F-22	471,689.32
Reserve for Amortization	F-23	9,352,760.06
Fund Balance	F-2	3,815.00
		14,827,130.74
		<b>\$18,115,371.10</b>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

F-1

	<u>Ref.</u>	<u>Transition</u> <u>Year 2012</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	F-3	\$ 518,000.00
Sewer Rents	F-3	1,746,522.40
Miscellaneous Revenue	F-3	74,387.08
Other Credits:		
Appropriation Reserves Lapsed	F-14	218,408.49
		<u>2,557,317.97</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages		325,000.00
Other Expenses		1,100,617.50
Debt Service		499,382.50
Statutory Expenditures		35,000.00
	F-4	<u>1,960,000.00</u>
Excess in Revenue		597,317.97
 <u>Fund Balance</u>		
Balance June 30		<u>2,657,887.47</u>
		3,255,205.44
 Decreased by:		
Fund Balance Utilized	Above	<u>518,000.00</u>
Balance December 31	F	<u><u>\$2,737,205.44</u></u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

F-2

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$3,815.00</u>
Balance December 31, 2012	F	<u><u>\$3,815.00</u></u>

---

See accompanying notes to financial statements.



TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

F-4

	<u>TY 2012 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved Unencumbered</u>	<u>Balance Cancelled</u>
<u>Operating</u>					
Salaries and Wages	\$ 425,000.00	\$ 298,700.32	\$	\$ 26,299.68	\$100,000.00
Other Expenses	1,300,617.50	1,026,062.76	40,370.26	34,184.48	200,000.00
	<u>1,725,617.50</u>	<u>1,324,763.08</u>	<u>40,370.26</u>	<u>60,484.16</u>	<u>300,000.00</u>
<u>Debt Service</u>					
Payment of Bond Principal	465,000.00	465,000.00			
Interest on Bonds	31,450.00	31,450.00			
Waste Water Loan - Interest	2,932.50	2,932.50			
	<u>499,382.50</u>	<u>499,382.50</u>			
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (OASI)	35,000.00	22,850.58		12,149.42	
	<u>\$2,260,000.00</u>	<u>\$1,846,996.16</u>	<u>\$40,370.26</u>	<u>\$ 72,633.58</u>	<u>\$300,000.00</u>
	<u>Below</u>	<u>Below</u>	<u>E</u>	<u>E</u>	<u>Below</u>
<u>Reference</u>					
Ref.					
F-3	\$				
Above	\$2,260,000.00				
F-5	(300,000.00)	1,815,546.16			
F-17		31,450.00			
Adopted Budget					
Cancelled					
Cash Disbursed					
Accrued Interest on Bonds					
	<u>\$1,960,000.00</u>	<u>\$1,846,996.16</u>			
	<u>F-1</u>	<u>Above</u>			
<u>Reference</u>					

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
PAYROLL FUND

BALANCE SHEET - REGULATORY BASIS

G

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Cash	G-1	<u>\$ 5,262.83</u>
 <u>LIABILITIES</u>		
Payroll Deductions Payable	G-2	<u>\$ 5,262.83</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

H  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Operating Fund</u>		
Cash:		
Checking	H-4	\$ 1,693,573.15
Change Fund	H-6	60.00
Due from Water Capital Western Service Fund	H-7	686.91
		<u>1,694,320.06</u>
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	H-8	153,818.09
Water Liens	H-9	183.37
Inventory	Reserve	67,818.36
		<u>221,819.82</u>
Total Operating Fund		<u>1,916,139.88</u>
<u>Capital Fund</u>		
Cash - Checking	H-4	625,199.23
Fixed Capital	H-10	14,930,487.68
Fixed Capital Authorized and Uncompleted	H-11	624,512.32
		<u>16,180,199.23</u>
		<u>\$18,096,339.11</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

H  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND</u> <u>BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	H-3	\$ 88,188.03
Unencumbered	H-3	20,419.47
Due to Current Fund	H-13	2,566.83
Reserve for Accrued Interest on Bonds	H-14	131,739.79
		<u>242,914.12</u>
Reserve for Receivables and Inventory		221,819.82
Fund Balance	H-1	1,451,405.94
		<u>1,916,139.88</u>
 <u>Capital Fund</u>		
Serial Bonds Payable	H-18	15,480,000.00
Due to Water Operating Western Service Fund	H-15	686.91
Improvement Authorizations:		
Funded	H-16	624,512.32
Reserve for Amortization	H-17	75,000.00
		<u>16,180,199.23</u>
		<u>\$ 18,096,339.11</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

H-1

	<u>Ref.</u>	<u>Transition</u> <u>Year 2012</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	H-2, Below	\$ 50,000.00
Water Rents	H-2	1,129,933.75
Nonbudget Revenue	H-2	8,607.23
Other Credits to Income:		
Appropriation Reserve Lapsed	H-12	105,745.25
		<u>1,294,286.23</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages		280,000.00
Other Expenses		310,750.00
Debt Service		429,250.00
Statutory Expenditures		25,000.00
	H-3	<u>1,045,000.00</u>
 Excess in Revenue		 249,286.23
 <u>Fund Balance</u>		
Balance July 1		<u>1,252,119.71</u>
		1,501,405.94
 Decreased by:		
Utilized as Anticipated Revenue	Above	<u>50,000.00</u>
 Balance December 31	 H	 <u><u>\$ 1,451,405.94</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

STATEMENT OF REVENUE  
OPERATING FUND - REGULATORY BASIS

H-2

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	H-1	\$ 50,000.00	\$ 50,000.00	\$
Rents and Liens	H-1,8	995,000.00	1,129,933.75	134,933.75
Nonbudget Revenue	H-1,Below	<u>                    </u>	<u>8,607.23</u>	<u>8,607.23</u>
Total Budget	H-3	<u>\$ 1,045,000.00</u>	<u>\$ 1,188,540.98</u>	<u>\$ 143,540.98</u>
Nonbudget Revenue:				
Cash Receipts	H-4	\$ 7,920.32		
Interest Earned in Water Capital Western Service	H-15	<u>686.91</u>		
	Above		<u>\$ 8,607.23</u>	

---

See accompanying notes to financial statements.



TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

BALANCE SHEET - REGULATORY BASIS

1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Operating Fund</u>		
Cash	I-4	\$ 708,984.98
Receivables and Inventory with Full Reserves:		
Consumer Accounts Receivable	I-6	174,037.72
Utility Western Liens	I-7	364.81
Inventory	Reserve	43,458.80
Due from Sewer Capital Western Service	I-10	161.26
		<u>927,007.57</u>
 <u>Capital Fund</u>		
Cash:		
Checking	I-4	127,886.87
Fixed Capital	I-8	5,026,589.39
Fixed Capital Authorized and Uncompleted	I-9	158,410.61
		<u>5,312,886.87</u>
		<u>\$ 6,239,894.44</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	I-3	\$ 1,655.38
Reserved	I-3	66,034.07
Accrued Interest on Bonds	I-12	42,500.30
		<u>110,189.75</u>
Reserve for Receivables and Inventory		217,861.33
Fund Balance	I-1	598,956.49
		<u>927,007.57</u>
 <u>Capital Fund</u>		
Bonds Payable	I-16	5,160,000.00
Reserve for Amortization	I-15	25,000.00
Due to Sewer Operating Western Service	I-13	161.26
Improvement Authorizations:		
Funded	I-14	127,725.61
		<u>5,312,886.87</u>
		<u>\$ 6,239,894.44</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

I-1

	<u>Ref.</u>	<u>Transition</u> <u>Year 2012</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	I-2	\$ 499,000.00
Sewer Rents and Liens	I-2	1,157,797.43
Miscellaneous Revenue	I-2	33,088.10
Other Credits:		
Appropriation Reserve Lapsed	I-11	117,787.35
		<u>1,807,672.88</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages		200,000.00
Other Expenses		1,020,697.00
Debt Service		107,303.00
Statutory Expenditures		16,000.00
	I-3	<u>1,344,000.00</u>
 Excess in Revenue		 463,672.88
 <u>Fund Balance</u>		
Balance July 1		 634,283.61
		<u>1,097,956.49</u>
 Decreased by:		
Utilized as Anticipated Revenue	Above	<u>499,000.00</u>
 Balance December 31	 I	 <u>\$ 598,956.49</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

STATEMENT OF REVENUE  
OPERATING FUND - REGULATORY BASIS

I-2

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	I-1	\$ 499,000.00	\$ 499,000.00	\$
User Fees	I-1,6	1,025,000.00	1,157,797.43	132,797.43
Miscellaneous	I-1, Below	<u>20,000.00</u>	<u>33,088.10</u>	<u>13,088.10</u>
Total Budget	I-3	<u>\$ 1,544,000.00</u>	<u>\$ 1,689,885.53</u>	<u>\$ 145,885.53</u>

Analysis of Miscellaneous Revenue

	<u>Ref.</u>	
Cash Receipts	I-4	\$ 32,926.84
Interest Earned on Sewer Utility Western Service	I-10	<u>161.26</u>
	Above	<u>\$ 33,088.10</u>

---

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

I-3

	TY 2012		Expended		Reserved	Balance Cancelled
	Budget Appropriation	Modified Budget	Paid or Charged	Encumbered		
<u>Operating</u>						
Salaries and Wages	\$ 200,000.00	\$ 200,000.00	\$ 185,713.52	\$ 1,655.38	\$ 14,286.48	\$ 200,000.00
Other Expenses	1,220,697.00	1,220,697.00	969,086.95	1,655.38	49,954.67	200,000.00
	<u>1,420,697.00</u>	<u>1,420,697.00</u>	<u>1,154,800.47</u>	<u>1,655.38</u>	<u>64,241.15</u>	<u>200,000.00</u>
<u>Debt Service</u>						
Payment of Bonds	25,000.00	25,000.00	25,000.00			
Interest on Bonds	82,303.00	82,303.00	82,303.00			
	<u>107,303.00</u>	<u>107,303.00</u>	<u>107,303.00</u>			
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System	16,000.00	16,000.00	14,207.08		1,792.92	
	<u>\$ 1,544,000.00</u>	<u>\$ 1,544,000.00</u>	<u>\$ 1,276,310.55</u>	<u>\$ 1,655.38</u>	<u>\$ 66,034.07</u>	<u>\$ 200,000.00</u>
Reference	I-2		Below I-1	I-1	I-1	Reserve
		Ref.				
Cash Disbursed		I-4	\$ 1,194,007.55			
Accrued Interest on Bonds		I-12	82,303.00			
		Above	<u>\$ 1,276,310.55</u>			

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
CAPITAL FIXED ASSETS

BALANCE SHEET - REGULATORY BASIS

J

<u>ASSETS</u>	Balance <u>Dec. 31, 2012</u>
Machinery and Equipment	<u>\$14,824,579.00</u>
 <u>RESERVE</u>	
Investments in Capital Fixed Assets	<u>\$14,824,579.00</u>

---

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

## TOWNSHIP OF MANCHESTER

### NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED DECEMBER 31, 2012

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

Until 1990 the Township functioned under a form of government known as Committee Form of Government, which exercised both legislative and executive powers. The form of government was changed by a charter study referendum and, effective July 1, 1990, the Township adopted a Mayor-Council form of government.

The Mayor is elected for a four year term without limitation as to the number of terms which may be served. The Council consists of five members, each of whom is elected at-large and whose terms are staggered. Prior to 2012, all elections were held in May and were non-partisan. A referendum was approved by voters on November 8, 2011 to move elections to November. The first election was held in November, 2012 and is still non-partisan.

The Mayor is the Chief Executive and Administrative Officer of the Township, and, as such, is responsible for administering local laws. The specific powers of the Mayor include appointment of department heads (with the advice and consent of the Township Council), preparation of the Township's budget, and approval or veto (which may be overridden by a 2/3 vote) of ordinances adopted by the Council.

The Township Council is responsible for policy development and exercises all legislative powers, including final adoption of spending legislation such as budgets and bond ordinances for both municipal and zoning ordinances.

Governmental Accounting Standards Board (GASB) Statements No. 14 and 34 establish certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The financial statements of the Township of Manchester include every board, body, officer and commission supported and maintained wholly or in part by funds appropriated by the Township as required by the provisions of N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Manchester do not include the operations of the three Volunteer Fire Companies and the two First Aid Squads, inasmuch as their activities are administered by separate boards.

##### B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles accepted in the United States of America (GAAP).

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Description of Funds (Continued)

The accounting policies of the Township of Manchester 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 Manchester accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies, in accordance with the purpose for which each account was created, are maintained in Trust Funds. These include the Animal Control Fund and General Trust Fund. The General Trust Fund encompasses accounts of activity for Community Development Block Grants, special deposits and other purposes.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this fund, as well as related long-term debt accounts.

Public Assistance Trust Fund - Revenue, expenditures, receipts and disbursements that provide assistance to certain residents of Manchester, when required, and pursuant to the provisions of Title 44 of the New Jersey statutes, are maintained in the Public Assistance Trust Fund.

Payroll Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

Water and Sewer Utility Operating and Capital Funds - These funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned water and sewer utilities.

Capital Fixed Assets Account - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption "Basis of Accounting".

### C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

#### Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Basis of Accounting (Continued)

#### Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Manchester budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

#### Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

#### Encumbrances

Contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

#### Appropriation Reserves

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

#### Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

#### Property Acquired for Taxes

Property acquired for taxes (foreclosed property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Basis of Accounting (Continued)

#### Interfunds Receivable

Interfunds receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds receivable of one fund are offset with interfunds payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

#### Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer Utility is required, by regulation, to be prepared by Township personnel for inclusion on the Water and Sewer Utility Operating Fund balance sheet. Annual changes in valuations, offset with a reserve account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

#### Capital Fixed Assets

General:

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

GAAP requires that fixed assets be capitalized at historical or estimated cost if actual historical cost is not available. In addition, depreciation on utility fixed assets should be recorded.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the fixed capital account of the utilities. The fixed capital accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to fixed capital.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fixed capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The fixed capital accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such fixed capital. The records consist of a control account only. Detailed records are not maintained.

**D. Basic Financial Statements**

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of Manchester presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of 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.

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 \$25,000,000.00.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

### **B. Investments**

New Jersey statutes permit the Township to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

As of December 31, 2012, the Township had funds invested and on deposit in checking, savings and money market accounts. The amount on deposit of the Township's cash and cash equivalents as of December 31, 2012 was \$24,436,083.87. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

Municipalities operating under a state fiscal year budget are required, by statute, to mail tax bills semi-annually and are payable in four quarterly installments due the first of February, May, August and November. Tax bills for the February and May installment must be delivered by December 1 and the August and November installment must be delivered by June 14. The amounts to be billed for each period are determined through formulas developed by the Division of Local Government Services.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500 of delinquency and 18% on any delinquency in excess of \$1,500. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

#### Comparative Schedule of Tax Rate

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>	Fiscal Year <u>2009*</u>	Fiscal Year <u>2008</u>
Tax Rate (Per \$100 of Assessed Valuations**)	<u>\$ 1.922</u>	<u>\$ 1.857</u>	<u>\$ 1.757</u>	<u>\$ 1.672</u>	<u>\$ 3.156</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.520	\$ 0.504	\$ 0.444	\$ 0.391	\$ 0.799
Municipal Open Space	0.010	0.010	0.010	0.010	0.010
County	0.356	0.358	0.361	0.360	0.687
Local School	1.036	0.985	0.942	0.911	1.660

\*The Township conducted a revaluation for 2009.

\*\*Tax rates are reflected on calendar year.

#### Assessed Valuations

<u>Year</u>	<u>Amount</u>
2012	\$ 3,964,272,258.00
2011	4,079,359,820.00
2010	4,085,245,172.00
2009	4,083,795,739.00 *
2008	2,152,824,758.00

\*Revaluation

#### Comparison of Tax Levies

<u>Date</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
December 31, 2012*	\$ 37,256,548.55 **	\$ 36,608,258.59	98.25 %
June 30, 2012	76,310,606.83	74,549,237.43	97.69
June 30, 2011	73,936,280.16	73,071,500.04	98.83
June 30, 2010	70,679,200.31	69,038,444.42	97.67
June 30, 2009	68,078,263.01	67,232,496.17	98.75

\*Transition Year 6 Month Budget.

\*\*Net of Reduction due to tax appeals.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

#### Delinquent Taxes and Tax Title Liens

<u>Date</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
December 31, 2012	\$208,274.98	\$ 526,437.95	\$ 734,712.93	1.97 %
June 30, 2012	135,960.07	898,257.57	1,034,217.64	1.36
June 30, 2011	93,940.62	833,799.86	927,740.48	1.25
June 30, 2010	26,300.84	1,014,151.18	1,040,452.02	1.47
June 30, 2009	20,794.35	690,404.19	711,198.54	1.04

### 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation is carried at assessed valuation in the year of acquisition as follows:

<u>Year</u>	<u>Amount</u>
TY 2012	\$ 942,474.28
SFY 2012	942,474.28
SFY 2011	942,474.28
SFY 2010	942,423.37
SFY 2009	942,423.37

### 5. WATER AND SEWER CHARGE ACCOUNTS RECEIVABLE

<u>Date</u>	<u>Water Utility Eastern Service</u>		<u>Sewer Utility Eastern Service</u>	
	<u>Billing</u>	<u>Collection*</u>	<u>Billing</u>	<u>Collection*</u>
December 31, 2012	\$ 1,279,401.15	\$ 1,252,895.00	\$ 1,744,782.51	\$ 1,746,522.40
June 30, 2012	2,114,365.27	2,122,926.05	3,456,710.34	3,474,862.38
June 30, 2011	2,205,960.79	2,171,324.04	3,435,472.69	3,402,071.38
June 30, 2010	1,865,285.74	1,862,081.78	3,297,434.60	3,290,189.77
June 30, 2009	2,074,892.43	2,071,661.04	3,179,375.70	3,167,472.44

\*Includes collection of prior year receivables.

<u>Date</u>	<u>Water Utility Western Service</u>		<u>Sewer Utility Western Service</u>	
	<u>Billing</u>	<u>Collection*</u>	<u>Billing</u>	<u>Collection*</u>
December 31, 2012	\$ 1,127,879.45	\$ 1,129,933.75	\$ 1,148,187.78	\$ 1,157,797.43
June 30, 2012	2,287,727.43	2,136,160.88	2,405,822.06	2,286,044.39
June 30, 2011	2,112,715.86	2,128,125.06	2,146,437.47	2,087,866.58
June 30, 2010**	418,376.05	398,477.64	445,705.38	440,086.76

\*\*First Year of Western Service (5 Month Year).

**6. FUND BALANCES APPROPRIATED**

	<u>Date</u>	<u>June 30</u>	<u>Utilized in Budgets of Succeeding Year General Budget</u>
Current Fund:	December 31, 2012*	\$ 2,815,395.31	\$ 1,420,000.00
	June 30, 2012	1,419,329.52	525,000.00
	June 30, 2011	1,364,073.16	1,275,000.00
	June 30, 2010	987,941.99	780,000.00
	June 30, 2009	1,631,188.34	1,600,000.00
Water Utility Eastern Service:	December 31, 2012*	646,332.57	500,000.00
	June 30, 2012	499,809.00	440,000.00
	June 30, 2011	998,424.43	800,000.00
	June 30, 2010	1,484,140.92	1,000,000.00
	June 30, 2009	2,196,970.93	750,000.00
Sewer Utility Eastern Service:	December 31, 2012*	2,737,205.44	1,000,000.00
	June 30, 2012	2,657,887.47	518,000.00
	June 30, 2011	3,185,443.63	1,000,000.00
	June 30, 2010	4,043,245.62	1,000,000.00
	June 30, 2009	4,462,850.20	632,026.22
Water Utility Western Service:	December 31, 2012*	1,451,405.94	200,000.00
	June 30, 2012	1,252,119.71	50,000.00
	June 30, 2011	529,202.49	150,000.00
	June 30, 2010	55,968.48	25,000.00
Sewer Utility Western Service:	December 31, 2012*	598,956.49	325,000.00
	June 30, 2012	634,283.61	499,000.00
	June 30, 2011	170,960.13	125,000.00
	June 30, 2010	7,420.46	7,000.00

\*Transition Year.

## 7. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

	<u>Transition Year 2012</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 17,005,600.00	\$ 17,633,000.00	\$ 19,753,000.00
Green Acres Loan	1,186,891.37	1,249,334.43	792,968.25
Water Utility Eastern Service:			
Bonds and Notes	1,855,000.00	2,275,000.00	2,680,000.00
Water Utility Western Service:			
Bonds and Notes	15,480,000.00	15,555,000.00	15,555,000.00
Sewer Utility Eastern Service:			
Bonds and Notes	2,060,000.00	2,525,000.00	2,975,000.00
Due to State of New Jersey	471,689.32	471,689.32	567,971.86
Sewer Utility Western Service:			
Bonds and Notes	<u>5,160,000.00</u>	<u>5,185,000.00</u>	<u>5,185,000.00</u>
Net Debt Issued	<u>43,219,180.69</u>	<u>44,894,023.75</u>	<u>47,508,940.11</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	<u>538,606.50</u>	<u>538,606.50</u>	<u>1,421,592.00</u>
Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 43,757,787.19</u>	<u>\$ 45,432,630.25</u>	<u>\$ 48,930,532.11</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .466%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 24,055,000.00	\$ 24,055,000.00	\$
Water Utility Eastern Service	1,855,000.00	1,855,000.00	
Water Utility Western Service	15,480,000.00	15,480,000.00	
Sewer Utility Eastern Service	2,531,689.32	2,531,689.32	
Sewer Utility Western Service	5,160,000.00	5,160,000.00	
General Debt	<u>18,731,097.87</u>		<u>18,731,097.87</u>
	<u>\$ 67,812,787.19</u>	<u>\$ 49,081,689.32</u>	<u>\$ 18,731,097.87</u>

**7. MUNICIPAL DEBT (Continued)**

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

3 1/2% of Equalized Valuation Basis of Real Property	\$ 140,659,288.97
Net Debt	<u>18,731,097.87</u>
Remaining Borrowing Power	<u>\$ 121,928,191.10</u>

**School Debt Deductions**

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

**Calculation of "Self-Liquidating" Purpose - Water Utility Eastern Service Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 1,757,187.72
Deductions:		
Operating and Maintenance Cost	\$ 920,870.00	
Debt Service for Obligations Issued	<u>445,130.00</u>	
		<u>1,366,000.00</u>
Excess in Revenue		<u>\$ 391,187.72</u>

There being an "excess in revenue", the Water Utility Eastern Service Debt is considered self-liquidating for debt statement purposes.

**Calculation of "Self-Liquidating" Purpose - Sewer Utility Eastern Service Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 2,338,909.48
Deductions:		
Operating and Maintenance Cost	\$ 1,460,617.50	
Debt Service for Obligations Issued	<u>499,382.50</u>	
		<u>1,960,000.00</u>
Excess in Revenue		<u>\$ 378,909.48</u>

There being an "excess in revenue", the Sewer Utility Eastern Service Debt is considered self-liquidating for debt statement purposes.

**7. MUNICIPAL DEBT (Continued)**

**Calculation of "Self-Liquidating" Purpose - Water Utility Western Service Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 1,188,540.98
Deductions:		
Operating and Maintenance Cost	\$615,750.00	
Debt Service for Obligations Issued	<u>429,250.00</u>	
		<u>1,045,000.00</u>
Excess in Revenue		<u>\$ 143,540.98</u>

There being an "excess in revenue", the Water Utility Western Service Debt is considered self-liquidating for debt statement purposes.

**Calculation of "Self-Liquidating" Purpose - Sewer Utility Western Service Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 1,689,885.53
Deductions:		
Operating and Maintenance Cost	\$ 1,236,697.00	
Debt Service for Obligations Issued	<u>107,303.00</u>	
		<u>1,344,000.00</u>
Excess in Revenue		<u>\$ 345,885.53</u>

There being an "excess in revenue", the Sewer Utility Western Service Debt is considered self-liquidating for debt statement purposes.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Township Treasurer.

As of December 31, 2012, the Township's long-term debt is as follows:

General Obligation Bonds

\$3,198,000, 2001 Bonds due in annual installments of \$398,000 through October, 2013, interest at 3.875%.	\$ 398,000.00
\$14,350,000, 2006 Bonds due in annual installments of \$650,000 to \$800,000 through September, 2026, interest at 4.250%.	<u>10,950,000.00</u>
	<u>\$ 11,348,000.00</u>

Water Utility Eastern Service Refunding Bonds

\$5,565,000, 2003 Bonds due in annual installments of \$435,000 to \$495,000 through October, 2016, interest at 4.000% to 4.125%.	<u>\$ 1,855,000.00</u>
---	------------------------

**7. MUNICIPAL DEBT (Continued)**

Sewer Utility Eastern Service Refunding Bonds

\$6,190,000, 2003 Bonds due in annual installments of \$485,000 to \$545,000 through October, 2016, interest at 4.000% to 4.125%.

\$ 2,060,000.00

Water Utility Western Service Bonds

\$15,555,000, 2010 Bonds due in annual installments of \$80,000 to \$3,785,000 through August 2041, interest at 4.00% to 4.25%.

\$ 15,480,000.00

Sewer Utility Western Service Bonds

\$5,185,000, 2010 Bonds due in annual installments of \$36,000 to \$1,338,000 through August 2032, interest at 4.00%.

\$ 5,160,000.00

7. MUNICIPAL DEBT (Continued)

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

Year	Cash Basis			Water Utility Eastern Service			Water Utility Western Service			Sewer Utility Eastern Service			Sewer Utility Western Service		
	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2013	\$1,150,367.81	\$ 832,850.00	\$ 317,517.81	\$ 509,418.75	\$ 435,000.00	\$ 74,418.75	\$ 719,477.50	\$ 80,000.00	\$ 639,477.50	\$ 668,081.25	\$ 485,000.00	\$ 83,081.25	\$ 242,400.00	\$ 36,000.00	\$ 206,400.00
2014	783,942.56	501,750.00	282,192.56	512,418.75	455,000.00	57,418.75	682,277.50	246,000.00	436,277.50	568,681.25	505,000.00	63,681.25	303,960.00	99,000.00	204,960.00
2015	762,618.19	501,750.00	260,868.19	509,418.75	470,000.00	39,418.75	875,437.50	249,000.00	626,437.50	568,481.25	525,000.00	43,481.25	315,000.00	114,000.00	201,000.00
2016	774,033.00	535,200.00	238,833.00	515,418.75	495,000.00	20,418.75	879,477.50	283,000.00	596,477.50	567,481.25	545,000.00	22,481.25	314,440.00	118,000.00	196,440.00
2017	751,287.00	535,200.00	216,087.00	506,913.00	495,000.00	11,913.00	870,957.50	285,000.00	585,957.50	567,481.25	545,000.00	22,481.25	327,720.00	136,000.00	191,720.00
2018	728,541.00	535,200.00	193,341.00	506,913.00	495,000.00	11,913.00	861,357.50	286,000.00	575,357.50	567,481.25	545,000.00	22,481.25	341,280.00	156,000.00	185,280.00
2019	705,795.00	535,200.00	170,595.00	506,913.00	495,000.00	11,913.00	849,717.50	276,000.00	573,717.50	567,481.25	545,000.00	22,481.25	349,080.00	169,000.00	180,080.00
2020	683,048.00	535,200.00	147,848.00	506,913.00	495,000.00	11,913.00	849,717.50	276,000.00	573,717.50	567,481.25	545,000.00	22,481.25	363,320.00	190,000.00	173,320.00
2021	660,303.00	535,200.00	125,103.00	506,913.00	495,000.00	11,913.00	845,317.50	289,000.00	556,317.50	567,481.25	545,000.00	22,481.25	368,720.00	204,000.00	164,720.00
2022	637,557.00	535,200.00	102,357.00	506,913.00	495,000.00	11,913.00	826,857.50	297,000.00	529,857.50	567,481.25	545,000.00	22,481.25	378,560.00	221,000.00	157,560.00
2023	614,811.00	535,200.00	79,611.00	506,913.00	495,000.00	11,913.00	824,677.50	297,000.00	527,677.50	567,481.25	545,000.00	22,481.25	382,720.00	244,000.00	138,720.00
2024	592,065.00	535,200.00	56,865.00	506,913.00	495,000.00	11,913.00	819,797.50	304,000.00	515,797.50	567,481.25	545,000.00	22,481.25	409,960.00	271,000.00	138,960.00
2025	569,319.00	535,200.00	34,119.00	506,913.00	495,000.00	11,913.00	812,637.50	309,000.00	503,637.50	567,481.25	545,000.00	22,481.25	435,400.00	319,000.00	116,400.00
2026	546,573.00	535,200.00	11,373.00	506,913.00	495,000.00	11,913.00	800,277.50	309,000.00	491,277.50	567,481.25	545,000.00	22,481.25	458,640.00	351,000.00	107,640.00
2027							793,917.50	315,000.00	478,917.50	567,481.25	545,000.00	22,481.25	468,600.00	379,000.00	89,600.00
2028							784,317.50	318,000.00	466,317.50	567,481.25	545,000.00	22,481.25	468,600.00	411,000.00	74,400.00
2029							784,317.50	321,000.00	463,317.50	567,481.25	545,000.00	22,481.25	504,000.00	446,000.00	58,000.00
2030							764,757.50	324,000.00	440,757.50	567,481.25	545,000.00	22,481.25	521,160.00	481,000.00	40,160.00
2031							774,597.50	324,000.00	450,597.50	567,481.25	545,000.00	22,481.25	543,920.00	523,000.00	20,920.00
2032							751,797.50	324,000.00	427,797.50	567,481.25	545,000.00	22,481.25			
2033							1,305,837.50	891,000.00	414,837.50	567,481.25	545,000.00	22,481.25			
2034							1,315,197.50	936,000.00	379,197.50	567,481.25	545,000.00	22,481.25			
2035							1,325,867.50	965,000.00	340,867.50	567,481.25	545,000.00	22,481.25			
2036							1,334,710.00	1,035,000.00	299,710.00	567,481.25	545,000.00	22,481.25			
2037							1,343,722.50	1,088,000.00	255,722.50	567,481.25	545,000.00	22,481.25			
2038							1,353,462.50	1,144,000.00	209,462.50	567,481.25	545,000.00	22,481.25			
2039							1,363,862.50	1,203,000.00	160,862.50	567,481.25	545,000.00	22,481.25			
2040							1,372,735.00	1,264,000.00	108,735.00	567,481.25	545,000.00	22,481.25			
2041							1,374,015.00	1,316,000.00	58,015.00	567,481.25	545,000.00	22,481.25			
<b>Total</b>	<b>\$9,650,261.56</b>	<b>\$7,723,550.00</b>	<b>\$2,226,711.56</b>	<b>\$4,723,473.44</b>	<b>\$4,655,000.00</b>	<b>\$1,611,875.00</b>	<b>\$26,543,980.00</b>	<b>\$15,480,000.00</b>	<b>\$11,063,980.00</b>	<b>\$22,727,725.00</b>	<b>\$2,050,000.00</b>	<b>\$2,127,250.00</b>	<b>\$7,942,440.00</b>	<b>\$5,160,000.00</b>	<b>\$2,782,440.00</b>

**7. MUNICIPAL DEBT (Continued)**

**New Jersey Waste Water Treatment Financing Program**

The Township, on November 10, 1994, entered into an agreement with the State of New Jersey to obtain financing under the New Jersey Waste Water Treatment Financing Program. The original loan was for \$3,381,462.00. This amount was to be awarded under a Fund Portion and a Trust Portion. The Trust Portion was to be paid back with a low interest rate and administration fee. On December 18, 1995, the loan was revised to \$2,163,981.00. The Fund Portion, which is interest free, is \$994,116.00, and the Trust Portion is \$1,169,865.00. The following is a schedule of repayment for the Fund and Trust Portion of the loan:

<u>Year</u>	<u>Trust Principal</u>	<u>Trust Interest (Credits)</u>	<u>Administration Fee</u>	<u>Totals</u>
2013	\$ 172,156.67	\$ (38,137.02)	\$ 5,865.00	\$ 139,884.65
2014	144,169.61	(44,675.55)	5,865.00	105,359.06
2015	<u>155,363.04</u>	<u>(52,066.48)</u>	<u>5,865.00</u>	<u>109,161.56</u>
	<u>\$ 471,689.32</u>	<u>\$ (134,879.05)</u>	<u>\$ 17,595.00</u>	<u>\$ 354,405.27</u>

**Green Trust Loans**

Two Green Trust Loans, in the sum of \$373,000.45, for the Improvement to Holly Oak Park Project were approved by the New Jersey Department of Environmental Protection in 1993 and consummated in 1997 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of December 31, 2012 is \$99,341.66:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 23,194.36	\$ 21,313.56	\$ 1,880.80
2014	23,194.36	21,741.97	1,452.39
2015	23,194.36	22,178.98	1,015.38
2016	23,194.36	22,624.78	569.58
2017	<u>11,597.19</u>	<u>11,482.37</u>	<u>114.82</u>
	<u>\$ 104,374.63</u>	<u>\$ 99,341.66</u>	<u>\$ 5,032.97</u>

A Green Trust Loan, in the sum of \$411,226.00, for improvements to Harry Wright Lake was consummated on March 22, 2000 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of December 31, 2012 is \$177,561.11:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 25,571.34	\$ 22,135.99	\$ 3,435.35
2014	25,571.34	22,580.92	2,990.42
2015	25,571.34	23,034.80	2,536.54
2016	25,571.34	23,497.80	2,073.54
2017	25,571.34	23,970.11	1,601.23
2018	25,571.34	24,451.91	1,119.43
2019	25,571.34	24,943.39	627.95
2020	<u>13,072.80</u>	<u>12,946.19</u>	<u>126.61</u>
	<u>\$ 192,072.18</u>	<u>\$ 177,561.11</u>	<u>\$ 14,511.07</u>

**7. MUNICIPAL DEBT (Continued)**

**Green Trust Loans (Continued)**

A Green Trust Loan, in the sum of \$1,062,390.00, for acquisition of land was consummated on November 11, 1999 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of December 31, 2012 is \$429,530.54:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 66,062.80	\$ 57,759.55	\$ 8,303.25
2014	66,062.80	58,920.52	7,142.28
2015	66,062.80	60,104.82	5,957.98
2016	66,062.80	61,312.92	4,749.88
2017	66,062.80	62,545.31	3,517.49
2018	66,062.80	63,802.48	2,260.32
2019	66,062.80	65,084.94	977.86
	<u>\$ 462,439.60</u>	<u>\$ 429,530.54</u>	<u>\$ 32,909.06</u>

A Green Trust Loan, in the sum of \$218,028.19 for Pine Lake Park Phase II was consummated on August 9, 2011 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of December 31, 2012 is \$208,785.08:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 13,557.68	\$ 9,428.89	\$ 4,128.79
2014	13,557.69	9,618.42	3,939.27
2015	13,557.69	9,811.75	3,745.94
2016	13,557.68	10,008.96	3,548.72
2017	13,557.68	10,210.14	3,347.54
2018	13,557.69	10,415.37	3,142.32
2019	13,557.70	10,624.72	2,932.98
2020	13,557.70	10,838.28	2,719.42
2021	13,557.69	11,056.12	2,501.57
2022	13,557.68	11,278.35	2,279.33
2023	13,557.68	11,505.04	2,052.64
2024	13,557.68	11,736.29	1,821.39
2025	13,557.69	11,972.20	1,585.49
2026	13,557.69	12,212.84	1,344.85
2027	13,557.70	12,458.32	1,099.38
2028	13,557.69	12,708.73	848.96
2029	13,557.70	12,964.18	593.52
2030	13,557.68	13,224.75	332.93
2031	6,778.85	6,711.73	67.12
	<u>\$ 250,817.24</u>	<u>\$ 208,785.08</u>	<u>\$ 42,032.16</u>

**7. MUNICIPAL DEBT (Continued)**

**Green Trust Loans (Continued)**

A Green Trust Loan, in the sum of \$349,523.44 for Manchester Soccer Complex was consummated on August 9, 2011 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of December 31, 2012 is \$334,750.69:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 21,734.49	\$ 15,115.57	\$ 6,618.92
2014	21,734.48	15,419.39	6,315.09
2015	21,734.48	15,729.32	6,005.16
2016	21,734.49	16,045.49	5,689.00
2017	21,734.48	16,367.99	5,366.49
2018	21,734.48	16,696.99	5,037.49
2019	21,734.48	17,032.60	4,701.88
2020	21,734.48	17,374.96	4,359.52
2021	21,734.48	17,724.20	4,010.28
2022	21,734.48	18,080.45	3,654.03
2023	21,734.48	18,443.86	3,290.62
2024	21,731.48	18,814.59	2,916.89
2025	21,734.48	19,192.76	2,541.72
2026	21,734.49	19,578.54	2,155.95
2027	21,734.49	19,972.07	1,762.42
2028	21,734.48	20,373.50	1,360.98
2029	21,734.49	20,783.02	951.47
2030	21,734.48	21,200.75	533.73
2031	10,867.24	10,759.64	107.60
	<u>\$ 402,084.93</u>	<u>\$ 334,705.69</u>	<u>\$ 67,379.24</u>

**Bond Anticipation Notes**

The following Bond Anticipation Notes were outstanding as of December 31, 2012:

General Capital Fund	<u>\$ 5,657,600.00</u>
----------------------	------------------------

**Bonds and Notes Authorized but Not Issued**

There were Bonds and Notes Authorized but Not Issued in the following amount:

General Capital Fund	<u>\$ 538,606.50</u>
----------------------	----------------------

## 8. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 20,808.45	\$ 95,000.00
Animal Control Fund		7,132.72
General Trust Fund		13,675.73
General Capital Fund	95,000.00	
Sewer Operating Utility - Eastern Service	585.74	
Sewer Capital Utility - Eastern Service		585.74
Water Operating Utility - Western Service	686.91	
Water Capital Utility - Western Service		686.91
Sewer Operating Utility - Western Service	161.26	
Sewer Capital Utility - Western Service		161.26
	<u>\$ 117,242.36</u>	<u>\$ 117,242.36</u>

## 9. DEFERRED COMPENSATION PLAN

The Township of Manchester offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until terminations, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been modified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Manchester authorized such modifications to their plan by resolutions of the Township Council.

The Deferred Compensation Plan is administered by the Hartford Variable Annuity Life Insurance Company and VALIC.

## 10. PENSION PLANS

### Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System is considered a cost sharing multiple-employer plan.

## 10. PENSION PLANS (Continued)

### Description of Systems (Continued)

#### Public Employees' Retirement System:

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

### Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

#### Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

## 10. PENSION PLANS (Continued)

### Significant Legislation (Continued)

Police and Firemen's Retirement System: (Continued)

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

Consolidated Police and Firemen's Pension Fund:

The Consolidated Police and Firemen's Retirement System (CPFPPF) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

### Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 6.64% and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

Year	PERS		PFRS	
	Township	Employees	Township	Employees
FY 2011	\$ 617,364.00	\$ 388,122.24	\$ 1,631,425.00	\$ 718,722.17
FY 2012	675,503.00	469,926.77	1,620,495.00	775,662.14
TY 2012	-	249,364.53	-	412,609.68

The Township of Manchester, in accordance with the provisions of Public Law 2009, c. 19 (S21), elected by resolution of the governing body to defer the 50% of their fiscal year 2010 normal and accrued pension liability for the PERS and PFRS pension retirement system obligation in the amount of \$501,345.00. This deferred pension liability will be repaid over a 15 year period starting in April 2012.

## 11. DEFINED CONTRIBUTION RETIREMENT PROGRAM

### Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

**11. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

**Description of System (Continued)**

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFR&S after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

**Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the Transition Year 2012, there were two (2) officials or employees enrolled in the DCRP.

**12. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the Township had the following deferred charges:

	<u>Balance Dec. 31, 2012</u>	<u>To be Raised in 2013 Budget</u>	<u>Balance to Succeeding Budgets</u>
Special Emergency:			
Accumulated Sick/Vacation	\$420,000.00	\$105,000.00	\$ 315,000.00
Reassessment	<u>175,000.00</u>	<u>60,000.00</u>	<u>115,000.00</u>
	<u>\$595,000.00</u>	<u>\$165,000.00</u>	<u>\$ 430,000.00</u>

**13. CONTINGENT LIABILITIES**

**a. Compensated Absences**

The Township of Manchester has an accrued sick policy plan whereby eligible employees can accumulate up to 183 sick days and upon retirement will be compensated at their current rate of pay.

At the present time, unused vacation time cannot be accrued.

### 13. CONTINGENT LIABILITIES (Continued)

#### a. Compensated Absences (Continued)

It is estimated that the sum of \$839,826.00 would be payable to the employees of the Township of Manchester as of December 31, 2012. The contingency for liability is not included in the financial statements of the Township. This amount was not verified by audit. It is noted that the Township has the amount of \$223,776.89 reserved as of December 31, 2012. Also, the amount of \$45,000.00 is available in the CY 13 Budget.

#### b. Tax Appeals

As of December 31, 2012, there were no tax appeals pending before the New Jersey Tax Court.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest in the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

#### c. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2012 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

#### d. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

#### e. Litigation

Negligence and other types of claims would be defended by counsel of insurance carriers in amounts believed to be within the scope of policy coverage.

### 14. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

### 15. SUBSEQUENT EVENT

The Township of Manchester has evaluated subsequent events that occurred after the balance sheet date, but before September 12, 2013. No items were determined to require disclosure.

TOWNSHIP OF MANCHESTER  
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR AND TREASURER

A-4

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>	
Balance June 30, 2012		\$ 3,155,427.35		\$ 288,301.61
Increased by Receipts:				
Nonbudget Revenue	A-2c	\$ 393,399.50		\$
Tax Collector	A-5	35,721,788.56		
Change Fund Returned	A-6	360.00		
Due from State of New Jersey:				
(Ch. 129, P.L. 1976)	A-7	1,957,937.18		
Revenue Accounts Receivable	A-12	3,997,402.39		
Federal and State Grants Receivable	A-14		81,140.10	
Due to State of New Jersey:				
DCA Surcharge	A-18	12,722.00		
Marriage Licenses	A-18	2,150.00		
Reserve for Unappropriated State Aid	A-20	159,227.00		
Matching Funds for State and Federal				
Grants	A-28		186,225.00	
Unappropriated Federal and State				
Funds	A-29	<u>                    </u>	<u>130,631.63</u>	
		<u>42,244,986.63</u>		<u>397,996.73</u>
		45,400,413.98		686,298.34
Decreased by Disbursements:				
Prior Year Refunds	A-1	5,821.69		
Budget Appropriations	A-3	10,859,812.09		
Matching Funds for State and				
Federal Grants	A-3	186,225.00		
Change Fund Established	A-6	200.00		
Open Space Municipal Tax	A-8	192,460.00		
Interfunds Receivable	A-11	105,928.58		
Appropriation Reserves	A-15	803,494.15		
Due to State of New Jersey:				
DCA Surcharge	A-18	15,077.00		
Marriage Licenses	A-18	2,450.00		
Tax Overpayments	A-19	39,505.00		
Accounts Payable	A-21	501.44		
County Tax Payable	A-23	6,754,346.07		
Local School District Taxes Payable	A-24	20,758,378.50		
Reserve for Federal and State Grants	A-28	<u>                    </u>	<u>435,662.28</u>	
		<u>39,724,199.52</u>		<u>435,662.28</u>
Balance December 31, 2012	A	<u>\$ 5,676,214.46</u>		<u>\$ 250,636.06</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS  
TAX COLLECTOR

A-5

	<u>Ref.</u>		
Increased by Receipts:			
Interest and Costs on Taxes	A-2	\$ 98,559.95	
Taxes Receivable	A-8	35,549,180.85	
Tax Title Liens	A-9	19,822.68	
Tax Overpayments	A-19	51,234.08	
Prepaid Taxes	A-27	<u>2,991.00</u>	
			\$35,721,788.56
Decreased by Disbursements:			
Turnover to Treasurer	A-4		<u>35,721,788.56</u>
			<u>\$ -</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

CHANGE FUND - COLLECTOR

A-6

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Collector	<u>\$ 630.00</u>	<u>\$200.00</u>	<u>\$360.00</u>	<u>\$ 470.00</u>
<u>Reference</u>		<u>A-4</u>	<u>A-4</u>	<u>A</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

DUE FROM STATE OF NEW JERSEY  
CHAPTER 129, P.L. 1976

A-7

	<u>Ref.</u>		
Balance June 30, 2012			\$ 830,494.54
Increased by:			
Deductions per Tax Billings:			
Senior Citizens/Veterans		\$ 1,067,972.00	
Plus: Deductions Allowed by Tax Collector:			
Senior Citizens/Veterans		<u>37,500.00</u>	
		1,105,472.00	
Less: Senior Citizens and Veterans Disallowed by Tax Collector			
	<u>A-8</u>	<u>13,126.71</u>	\$ 1,092,345.29
Plus:			
Prior Year Allowance	A-1	750.00	
Transfer to Due to State of New Jersey	A-17	<u>34,347.35</u>	
			<u>1,127,442.64</u>
			1,957,937.18
Decreased by:			
Cash Received - Current Year	A-4		<u>1,957,937.18</u>
			<u>\$ -</u>



TOWNSHIP OF MANCHESTER  
CURRENT FUND

TAX TITLE LIENS

A-9

	<u>Ref.</u>	
Balance June 30, 2012		\$ 135,960.07
Increased by:		
Transferred from Taxes Receivable	A-8	92,137.59
		<u>228,097.66</u>
Decreased by:		
Cash Receipts	A-2a,5	19,822.68
		<u>19,822.68</u>
Balance December 31, 2012	A	<u>\$ 208,274.98</u>

PROPERTY ACQUIRED FOR TAXES  
AT ASSESSED VALUATIONS

A-10

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 942,474.28</u>
Balance December 31, 2012	A	<u>\$ 942,474.28</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

INTERFUNDS RECEIVABLE

A-11

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Trust Fund	\$ 14,790.01	\$ 107,284.48	\$ 108,398.76	\$ 13,675.73
Animal Control Fund	<u>5,634.32</u>	<u>1,498.40</u>	<u>                    </u>	<u>7,132.72</u>
Totals	<u>\$ 20,424.33</u>	<u>\$ 108,782.88</u>	<u>\$ 108,398.76</u>	<u>\$ 20,808.45</u>

Reference

Below

A-15

A

Ref.

Excess in Animal Control Fund	A-2c	\$ 1,498.40
Cash Disbursed	A-4	105,928.58
Interest Earned in General Trust	A-12	<u>1,355.90</u>
	Above	<u>\$108,782.88</u>

Ref.

Analysis of Net Debit to Fund Balance

Balance December 31, 2012	Above	\$ 20,808.45
Balance June 30, 2012	Above	<u>20,424.33</u>
Net Debit to Operations	A-1	<u>\$ 384.12</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-12

		<u>Balance</u>		<u>Accrued</u>		<u>Collected</u>		<u>Balance</u>
	<u>Ref.</u>	<u>June 30, 2012</u>						<u>Dec. 31, 2012</u>
<u>Budget Revenue</u>								
Township Clerk:								
Alcoholic Beverage Licenses	A-2	\$		\$ 250.00		\$ 250.00		\$
Other Licenses	A-2b			6,575.00		6,575.00		
Other Fees and Permits	A-2b			108,566.00		108,566.00		
Health Officer:								
Other Licenses	A-2b			480.00		480.00		
Other Fees and Permits:								
Tax Collector	A-2b			16,783.02		16,783.02		
Zoning Board	A-2b			10,255.00		10,255.00		
Registrar of Vital Statistics	A-2b			32,443.00		32,443.00		
Building Inspector	A-2b			48,453.00		48,453.00		
Recreation Department	A-2b			17,835.00		17,835.00		
Land Use	A-2b			5,625.00		5,625.00		
Housing	A-2b			31,850.00		31,850.00		
Engineering	A-2b			4,751.00		4,751.00		
Police Department	A-2b			10,970.54		10,970.54		
Beach Badges	A-2b			35,170.00		35,170.00		
Municipal Court:								
Fines and Costs	A-2	57,870.88		271,521.69		283,582.82		45,809.75
Interest on Investments	A-2			13,308.17		13,308.17		
Uniform Construction Fees	A-2			243,152.00		243,152.00		
Ocean County Recycling Revenue	A-2			20,069.76		20,069.76		
Hotel Tax	A-2			14,046.84		14,046.84		
Reimbursement for In-Kind Services	A-2			100,000.00		100,000.00		
Senior Citizens' and Veterans' Post								
Year Statement	A-2			39,158.74		39,158.74		
Tower Rental	A-2			23,771.40		23,771.40		
State Aid:								
Consolidated Municipal Property								
Tax Relief Act	A-2			156,910.00		156,910.00		
Energy Receipts Tax	A-2			2,774,752.00		2,774,752.00		
				<u>\$ 57,870.88</u>		<u>\$ 3,986,697.16</u>		<u>\$ 3,998,758.29</u>
				<u>\$ 57,870.88</u>		<u>\$ 3,986,697.16</u>		<u>\$ 3,998,758.29</u>

Reference

Reserve

Below

A

Ref.

Cash Receipts  
Interest Earned in General Trust Fund

A-4      \$ 3,997,402.39  
A-11      1,355.90

Above      \$ 3,998,758.29

TOWNSHIP OF MANCHESTER  
CURRENT FUND

DEFERRED CHARGES  
SPECIAL EMERGENCY AUTHORIZATION

A-13

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$595,000.00</u>
Balance December 31, 2012	A, Below	<u>\$595,000.00</u>
<u>Analysis of Balance</u>		
5/23/11 - Accumulated Sick/Vacation Leave		\$420,000.00
4/15/12 - Reassessment		<u>175,000.00</u>
	Above	<u>\$ 595,000.00</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

FEDERAL AND STATE GRANT RECEIVABLES

A-14

	<u>Balance</u> <u>June 30, 2012</u>	<u>TY</u> <u>2012</u> <u>Awards</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Senior Outreach Grant TY 2012	\$	\$ 87,100.00	\$ 85,650.00	\$ 1,450.00
Municipal Drug Alliance:				
FY 2012	16,840.00	7,500.00	7,590.10	16,749.90
Body Armor Grant		7,647.66	7,647.66	-
Clean Communities Grant		82,512.26	82,512.26	-
Recovery Act 2009	10,425.00			10,425.00
FY 2011 966 Reimbursement Program	3,689.00			3,689.00
FY 2012 966 Reimbursement Program	13.60			13.60
EOC Renovation Grant:				
SFY 2001	38,011.00			38,011.00
SFY 2002	27,496.00			27,496.00
	<u>\$96,474.60</u>	<u>\$184,759.92</u>	<u>\$183,400.02</u>	<u>\$97,834.50</u>

Reference

A-2

Below

A

Ref.

Cash Received  
Unappropriated Reserves Applied

A-4  
A-29

\$ 81,140.10  
102,259.92

Above

\$183,400.02

TOWNSHIP OF MANCHESTER  
CURRENT FUND

SEY 2012 APPROPRIATION RESERVES

A-15  
Sheet #1

Appropriation	Balance June 30, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>APPROPRIATIONS WITHIN "CAPS"</u>				
<u>Office of the Mayor</u>				
Office of the Mayor:				
Other Expenses	\$ 91.00	\$ 1,939.45	\$ 91.00	\$ 1,939.45
<u>Environmental Commission:</u>				
Salaries and Wages		1,000.00		1,000.00
Other Expenses		100.00		100.00
<u>Veteran's Advisory Committee:</u>				
Other Expenses		1,208.82		1,208.82
<u>Office of the Clerk:</u>				
Salaries and Wages		4,896.40		4,896.40
Other Expenses	250.00	57,525.39	5,360.05	17,415.34
<u>Zoning Board of Adjustments:</u>				
Other Expenses		16,198.39	2,312.50	13,885.89
<u>Municipal Audit:</u>				
Other Expenses	46,000.00	46,000.00	46,000.00	-
	<u>341.00</u>	<u>128,868.45</u>	<u>53,763.55</u>	<u>40,445.90</u>
<u>Department of Administration</u>				
<u>Office of the Tax Assessor:</u>				
Salaries and Wages		7,175.29		7,175.29
Other Expenses	3,044.26	3,419.16	3,002.41	416.75
Reassessment	37,500.00	170,000.00	170,000.00	-
<u>Division of Data Processing:</u>				
Salaries and Wages		10,295.63		10,295.63
Other Expenses	1,865.92	4,535.24	1,690.92	2,844.32
<u>Division of Administration and Purchasing:</u>				
Salaries and Wages		6,708.58		6,708.58
Other Expenses	18,535.90	21,848.69	10,402.25	11,446.44
<u>Division of Recreation:</u>				
Salaries and Wages		24,032.52		24,032.52
Other Expenses	23,954.31	25,751.51	12,813.15	12,938.36
	<u>84,900.39</u>	<u>273,766.62</u>	<u>197,908.73</u>	<u>75,857.89</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

SEY 2012 APPROPRIATION RESERVES

A-15  
Sheet #2

Appropriation	Encumbered	Balance June 30, 2012	Unencumbered	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>Department of Finance</u>						
Financial Administration:						
Other Expenses	\$ 3,005.43	\$ 1,830.23		\$ 4,835.66	\$ 3,005.43	\$ 1,830.23
Revenue Collection:						
Salaries and Wages	10,749.32	5,477.98		5,477.98	10,307.32	5,477.98
Other Expenses	13,754.75	834.55		11,583.87	13,312.75	1,276.55
		<u>8,142.76</u>		<u>21,897.51</u>		<u>8,584.76</u>
<u>Department of Law</u>						
Municipal Prosecutor:						
Other Expenses		2,633.42		2,633.42	1,666.66	966.76
Township Attorney:						
Other Expenses	2,500.00	19,307.65		56,807.65	43,910.35	12,897.30
	<u>2,500.00</u>	<u>21,941.07</u>		<u>59,441.07</u>	<u>45,577.01</u>	<u>13,864.06</u>
<u>Department of Public Works</u>						
Division of Administration and Streets:						
Salaries and Wages		118,415.85		118,415.85		118,415.85
Other Expenses	51,582.95	455.47		52,038.42	39,526.37	12,512.05
Division of Sanitation and Recycling:						
Salaries and Wages		1,459.05		1,459.05		1,459.05
Other Expenses	3,780.00	8,770.20		12,550.20	774.99	11,775.21
Division of Building and Grounds:						
Salaries and Wages		364.54		364.54		364.54
Other Expenses	6,626.23	10,763.71		17,389.94	4,660.67	12,729.27
Division of Central Maintenance:						
Salaries and Wages		32,558.70		32,558.70		32,558.70
Other Expenses	20,397.13	2,606.55		23,003.68	13,862.17	9,141.51
Division of Lakes, Parks and Playgrounds:						
Salaries and Wages		9,902.95		9,902.95		9,902.95
Other Expenses	4,440.66	248.33		4,688.99	1,727.03	2,961.96
	<u>86,826.97</u>	<u>185,545.35</u>		<u>272,372.32</u>	<u>60,551.23</u>	<u>211,821.09</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

SFY 2012 APPROPRIATION RESERVES

A-15  
Sheet #3

<u>Appropriation</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>APPROPRIATIONS WITHIN "CAPS"</u>				
<u>Department of Engineering</u>				
<u>Engineering:</u>				
Other Expenses	\$ 51,874.90	4,036.21	4,036.21	4,036.21
		7,111.92	55,818.85	3,167.97
<u>Department of Public Safety</u>				
<u>Police:</u>				
Salaries and Wages		10,245.35	10,245.35	10,245.35
Other Expenses		4,481.30	4,481.30	4,481.30
<u>Police Clerical and Computer:</u>				
Salaries and Wages	614.53	8,784.98	6,446.94	2,338.04
Animal Control:				
Salaries and Wages		6,975.08	6,975.08	6,975.08
Other Expenses	191.54	3,547.95	1,028.54	2,519.41
<u>Division of Emergency Management:</u>				
Salaries and Wages	52,680.97	44,376.72	63,294.33	33,763.36
Other Expenses				
		97,057.69		33,763.36
<u>Department of Land Use and Planning</u>				
<u>Division of Zoning and Planning:</u>				
Other Expenses	2,179.90	20,228.23	7,572.59	14,835.54
<u>Uniform Fire Safety:</u>				
Other Expenses		1,000.00		1,000.00
		1,000.00		1,000.00
		\$ 15,988.36	\$ 2,376.04	\$ 13,612.32

TOWNSHIP OF MANCHESTER  
CURRENT FUND

SFY 2012 APPROPRIATION RESERVES

A-15  
Sheet #4

	<u>Balance</u> <u>June 30, 2012</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Appropriation</u>	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>APPROPRIATIONS WITHIN "CAPS:"</u>					
<u>Other</u>					
Municipal Court:					
Salaries and Wages	\$ 555.51	\$ 24,264.20	\$ 24,819.71	\$ 555.51	\$ 24,264.20
Other Expenses	99.70	13,284.32	13,384.02		13,384.02
Public Defender (P.L. 1997, c.256):					
Salaries and Wages		3,500.00	3,500.00	1,458.34	2,041.66
Insurance:					
General Liability		10,936.66	10,936.66		10,936.66
Workers Compensation		13,430.99	13,430.99	5,080.00	8,350.99
Employee Group Health	363,655.78	108,823.92	472,479.70	460,222.99	12,256.71
Employee Opt Out Payments		85,118.20	85,118.20	75,000.00	10,118.20
Hepatitis Inoculation Program:					
Other Expenses		5,000.00	5,000.00		5,000.00
OSHA Requirement - Respirator Testing:					
Other Expenses	<u>364,310.99</u>	<u>6,500.00</u>	<u>635,169.28</u>	<u>542,316.84</u>	<u>6,500.00</u>
		<u>270,858.29</u>			<u>92,852.44</u>
<u>Uniform Construction Code</u>					
Uniform Construction Code:					
Salaries and Wages	10,221.69	19,971.48	19,971.48		19,971.48
Other Expenses	<u>10,221.69</u>	<u>16,131.03</u>	<u>26,352.72</u>	<u>21,018.55</u>	<u>5,334.17</u>
		<u>36,102.51</u>	<u>46,324.20</u>	<u>21,018.55</u>	<u>25,305.65</u>
<u>Unclassified</u>					
Utilities:					
Gasoline	37,493.27	17,511.15	55,004.42	47,930.89	7,073.53
Electricity		51,761.39	51,761.39	41,000.00	10,761.39
Telephone and Telegraph		11,214.14	11,214.14	4,370.80	6,843.34
Natural Gas		26,021.07	26,021.07	17,704.06	8,317.01
Heating Oil		8,000.00	8,000.00	5,000.00	3,000.00
Street Lighting		19,896.87	19,896.87	15,000.00	4,896.87
Condominium Services Act		132,602.53	132,602.53	73,996.78	58,605.75
Accumulated Leave Compensation		108,398.76	108,398.76	108,398.76	
	<u>37,493.27</u>	<u>375,405.91</u>	<u>412,899.18</u>	<u>313,401.29</u>	<u>99,497.89</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

SFY 2012 APPROPRIATION RESERVES

A-15  
Sheet #5

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Contingent</u>	\$ 5,000.00	\$ 5,000.00	\$	\$ 5,000.00
<u>Statutory Expenditures</u>				
Social Security System (OAS)	78,150.50	78,150.50		78,150.50
Total Appropriations Within "CAPS"	<u>655,209.93</u>	<u>2,035,684.31</u>	<u>1,321,092.91</u>	<u>714,591.40</u>
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>				
Reserve for Tax Appeals	142,061.01	142,061.01	142,061.01	
LOSAP:				
Other Expenses	18,450.00	18,450.00		18,450.00
Total Appropriations Excluded from "CAPS"	<u>160,511.01</u>	<u>160,511.01</u>	<u>142,061.01</u>	<u>18,450.00</u>
	<u>\$ 655,209.93</u>	<u>\$ 2,196,195.32</u>	<u>\$ 1,463,153.92</u>	<u>\$ 733,041.40</u>

Reference

A-1

Ref.

Cash Disbursed	\$ 803,494.15	A-4
Due to Trust Fund	108,398.76	A-11
Transfer to Accounts Payable	300,000.00	A-21
Transfer to Reserve for Tax Appeals	142,061.01	A-25
Transfer to Reserve for Revaluation	109,200.00	A-26
	<u>\$ 1,463,153.92</u>	Above

TOWNSHIP OF MANCHESTER  
CURRENT FUND

INTERFUNDS PAYABLE

A-16

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Capital Fund	<u>\$ 95,000.00</u>	<u>\$ 95,000.00</u>
<u>Reference</u>		<u>A</u>

DUE TO STATE OF NEW JERSEY  
(CH. 129, P.L. 1976)

A-17

	<u>Ref.</u>	
Increased by:		
Transfer from Due from State of New Jersey (Ch. 129, P.L. 1976)	A-7	<u>\$ 34,347.35</u>
Balance December 31, 2012	A	<u>\$ 34,347.35</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

DUE TO STATE OF NEW JERSEY

A-18

	<u>Ref.</u>	<u>DCA Surcharges</u>	<u>Marriage License Fees</u>
Balance June 30, 2012		\$ 8,438.00	\$ 587.00
Increased by:			
Collection of State Fees	A-4	<u>12,722.00</u>	<u>2,150.00</u>
		21,160.00	2,737.00
Decreased by:			
Cash Disbursed	A-4	<u>15,077.00</u>	<u>2,450.00</u>
Balance December 31, 2012	A	<u>\$ 6,083.00</u>	<u>\$ 287.00</u>

TAX OVERPAYMENTS

A-19

	<u>Ref.</u>	
Balance June 30, 2012		\$ 53,322.88
Increased by:		
Tax Collector Receipts	A-5	<u>51,234.08</u>
		104,556.96
Decreased by:		
Cash Disbursed	A-4	<u>39,505.00</u>
Balance December 31, 2012	A	<u>\$ 65,051.96</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

RESERVE FOR UNAPPROPRIATED STATE AID - PILOT

A-20

	<u>Ref.</u>	
Balance June 30, 2012		\$ 159,227.00
Increased by:		
Cash Receipt	A-4	159,227.00
		<u>318,454.00</u>
Decreased by:		
Anticipated as Current Year Revenue	A-2	159,227.00
		<u>159,227.00</u>
Balance December 31, 2012	A	<u>\$ 159,227.00</u>

ACCOUNTS PAYABLE

A-21

	<u>Ref.</u>	
Balance June 30, 2012		\$ 33,581.73
Increased by:		
Transfer from Appropriation Reserves	A-15	300,000.00
		<u>333,581.73</u>
Decreased by:		
Cash Disbursed	A-4	501.44
		<u>501.44</u>
Balance December 31, 2012	A	<u>\$ 333,080.29</u>

SPECIAL EMERGENCY NOTE PAYABLE

A-22

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 595,000.00</u>
Balance December 31, 2012	A	<u>\$ 595,000.00</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

COUNTY TAXES PAYABLE

A-23

	<u>Ref.</u>	
Increased by:		
July 1 to December 31, 2012 Levy		\$ 6,754,346.07
Added and Omitted Taxes		<u>26,047.62</u>
	A-1,2a,8	\$ 6,780,393.69
Decreased by:		
Payments to County	A-4	<u>6,754,346.07</u>
Balance December 31, 2012	A	<u>\$ 26,047.62</u>

LOCAL SCHOOL DISTRICT TAXES PAYABLE

A-24

	<u>Ref.</u>	
Increased by:		
July 1 to December 31, 2012 Levy	A-1,2a,8	\$ 20,758,378.50
Decreased by:		
Payments	A-4	<u>20,758,378.50</u>
		<u>\$ -</u>

RESERVE FOR TAX APPEALS

A-25

	<u>Ref.</u>	
Increased by:		
Transfer from SFY 2012 Appropriation Reserves	A-15	<u>\$ 142,061.01</u>
Balance December 31, 2012	A	<u>\$ 142,061.01</u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

RESERVE FOR REVALUATION

A-26

	<u>Ref.</u>	
Increased by:		
Transfer from SFY 2012 Appropriation Reserves	A-15	<u>\$109,200.00</u>
Balance December 31, 2012	A	<u><u>\$109,200.00</u></u>

PREPAID TAXES

A-27

	<u>Ref.</u>	
Balance June 30, 2012		\$ 20,870.44
Increased by:		
Collections	A-5	<u>2,991.00</u>
		23,861.44
Decreased by:		
Applied to Taxes Receivable	A-8	<u>20,870.44</u>
Balance December 31, 2012	A	<u><u>\$ 2,991.00</u></u>

TOWNSHIP OF MANCHESTER  
CURRENT FUND

RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

A-28

	<u>Balance</u> <u>June 30, 2012</u> <u>Reserved</u>	<u>Transfer</u> <u>from</u> <u>TY 2012</u> <u>Budget</u>	<u>Expenditures</u>	<u>Balance</u> <u>Dec. 31, 2012</u> <u>Reserved</u>
Senior Outreach Program:				
State Grant - 2012	\$ 65,736.23	\$ 272,825.00	\$ 227,973.82	\$ 110,587.41
Drunk Driving Enforcement Fund	6,773.04		4,204.44	2,568.60
Municipal Alliance Grant:				
SFY 2010	2,652.67			2,652.67
SFY 2012	7,503.52	8,000.00	8,363.98	7,139.54
Body Armor Grant	9,733.42	7,647.66		17,381.08
O.C. Senior Citizen and Disabled Resident Transportation	4,800.00			4,800.00
Clean Communities Grant:				
FY 2012	31,587.44	82,512.26	57,863.00	56,236.70
FY 966 Grant	3,689.00			3,689.00
FY 2012 966 Reimbursement	5,661.40			5,661.40
Department of Transportation:				
Colonial Drive North	399.51			399.51
Colonial Drive	130,000.00		123,301.98	6,698.02
2009 Recovery Act	25.00			25.00
Department of Energy Grant	13,955.06		13,955.06	
	<u>\$ 282,516.29</u>	<u>\$ 370,984.92</u>	<u>\$ 435,662.28</u>	<u>\$ 217,838.93</u>

Reference

Below

A-4

A

Ref.

Transferred from TY 2012 Budget  
Matching Funds

A-3

\$ 184,759.92

A-3,4

186,225.00

Above

\$ 370,984.92

TOWNSHIP OF MANCHESTER  
CURRENT FUND

RESERVE FOR FEDERAL AND STATE AID UNAPPROPRIATED

A-29

	<u>Ref.</u>	
Balance June 30, 2012		\$ 102,259.92
Increased by:		
Cash Received	A-4	130,631.63
		<u>232,891.55</u>
Decreased by:		
Anticipated as Current Year Revenue	A-14	102,259.92
		<u>102,259.92</u>
Balance December 31, 2012	A, Below	<u>\$ 130,631.63</u>
<u>Analysis of Balance</u>		
Body Armor Grant		\$ 6,104.21
N.J. DOT - First and Second Avenue Grant		113,529.00
Drunk Driving Enforcement Fund		10,998.42
		<u>\$ 130,631.63</u>

Reference

Above

TOWNSHIP OF MANCHESTER  
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

B-1

Ref.	Animal Control Trust Fund	Special Deposits/ Performance Bonds	Redemption Trust Fund	State Unemployment Compensation Trust Fund	Police Drug Enforcement Trust Account	Municipal Drug Alliance	Public Defender Trust Fund	Manchester Day Trust Fund	Open Space Trust Fund	Recreation Trust Fund
Balance June 30, 2012	\$ 45,870.52	\$ 3,209,441.84	\$ 218,532.43	\$ 183,213.49	\$ 39,994.67	\$ 3,420.14	\$ 47,931.93	\$ 2,430.80	\$ 57,274.64	\$ 13,429.44
Increased by:										
Due to State of New Jersey	754.20									
Prepaid Licenses	1,380.40									
Dog License Fees	1,839.40									
Dog License Late Fees	140.00									
Dog License Miscellaneous Fees	700.00									
Intertowns Payable		1,355.90								
Manchester Day Collections			558,607.60					200.00		
Redemption of Tax Title Liens										
Special Deposits		295,324.50								
State Unemployment Compensation Insurance Trust Fund				22,707.70						
Police Drug Enforcement Trust Account					7,415.96					
Drug Alliance Donations						2,310.00			192,511.96	
Public Defender Fees							10,169.00			22,495.00
Open Space Trust										22,495.00
Recreation Trust										35,924.44
	4,814.00	296,680.40	558,607.60	22,707.70	7,415.96	2,310.00	10,169.00	200.00	192,511.96	22,495.00
	50,384.52	3,506,122.24	777,140.03	205,921.19	47,410.63	5,730.14	58,100.93	2,630.80	249,786.60	35,924.44
Decreased by:										
State of New Jersey	2,122.40									
Expenditures Under N.J.S. 40A:4-39	1,818.00									
Tax Title Liens - Expenditures			175,602.54							
Special Deposits Expended		179,121.03								
SUI Claims Paid				6,775.11						
Police Drug Expenditures					6,743.88					
Drug Alliance Expenditures						2,100.00				
Public Defender Expenditures							6,900.02			
Open Space Trust									14,560.00	
Recreation Expenditures										22,195.16
	3,940.40	179,121.03	175,602.54	6,775.11	6,743.88	2,100.00	6,900.02		14,560.00	22,195.16
	46,444.12	3,327,001.21	601,537.49	199,146.08	40,666.75	3,630.14	51,200.91	2,630.80	235,226.60	13,729.28
Balance December 31, 2012	\$ 46,444.12	\$ 3,327,001.21	\$ 601,537.49	\$ 199,146.08	\$ 40,666.75	\$ 3,630.14	\$ 51,200.91	\$ 2,630.80	\$ 235,226.60	\$ 13,729.28

TOWNSHIP OF MANCHESTER  
TRUST FUND

COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

B-2

<u>Grant Number</u>	<u>Project Description</u>	<u>Balance June 30, 2012</u>	<u>Balance Dec. 31, 2012</u>
CT-780-06	Curbs and Sidewalks	\$ 30,000.00	\$ 30,000.00
CT-820-07	Curbs and Sidewalks	<u>35,000.00</u>	<u>35,000.00</u>
		<u>\$ 65,000.00</u>	<u>\$ 65,000.00</u>

Reference

B

TOWNSHIP OF MANCHESTER  
TRUST FUND

ANIMAL CONTROL TRUST FUND  
DUE TO STATE OF NEW JERSEY

B-3

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>
Balance June 30, 2012		\$ 1,411.80
Increased by:		
State of New Jersey Fees	B-1	754.20
		<u>2,166.00</u>
Decreased by:		
Payments to State of New Jersey	B-1	<u>2,122.40</u>
Balance December 31, 2012	B	<u><u>\$ 43.60</u></u>

ANIMAL CONTROL TRUST FUND  
PREPAID DOG LICENSES

B-4

	<u>Ref.</u>	
Balance June 30, 2012		\$ 14,526.20
Increased by:		
Prepaid Collections	B-1	<u>1,380.40</u>
Balance December 31, 2012	B	<u><u>\$ 15,906.60</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

ANIMAL CONTROL FUND  
DUE TO CURRENT FUND

B-5

	<u>Ref.</u>	<u>Current Fund</u>
Balance June 30, 2012		\$ 5,634.32
Increased by:		
Excess Fund Balance in Animal Control Fund	B-6	<u>1,498.40</u>
Balance December 31, 2012	B	<u>\$ 7,132.72</u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

ANIMAL CONTROL TRUST FUND  
RESERVE FOR ANIMAL CONTROL EXPENDITURES

B-6

	<u>Ref.</u>		
Balance June 30, 2012			\$ 23,998.20
Increased by:			
Dog License Fees	B-1	\$ 1,839.40	
Late Fees	B-1	140.00	
Miscellaneous Fees	B-1	<u>700.00</u>	
			<u>2,679.40</u>
			26,677.60
Decreased by:			
Expenditures Under N.J.S. 40A:4-39	B-1	1,818.00	
Excess Due to Current Fund	B-5	<u>1,498.40</u>	
			<u>3,316.40</u>
Balance December 31, 2012	B		<u><u>\$ 23,361.20</u></u>

License Fees Collected

	<u>Year</u>	<u>Amount</u>
	SFY 2012	\$ 11,708.40
	SFY 2011	<u>11,652.80</u>
	Maximum Balance	<u><u>\$ 23,361.20</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

GENERAL TRUST FUND  
INTERFUNDS PAYABLE

B-7

	<u>Ref.</u>		<u>Due to</u> <u>Current Fund</u>
Balance June 30, 2012			\$ 14,790.01
Increased by:			
Interest Earned	B-1	\$ 1,355.90	
Special Deposits - Affordable Housing	B-10	<u>105,928.58</u>	
			<u>107,284.48</u>
			122,074.49
Decreased by:			
Special Deposits - Accumulated Sick Leave	B-10		<u>108,398.76</u>
Balance December 31, 2012	B		<u><u>\$ 13,675.73</u></u>

RESERVE FOR MANCHESTER DAY TRUST FUND

B-8

	<u>Ref.</u>		
Balance June 30, 2012			\$ 2,430.80
Increased by:			
Collections	B-1		<u>200.00</u>
Balance December 31, 2012	B		<u><u>\$ 2,630.80</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS

B-9

	<u>Ref.</u>	
Balance June 30, 2012		\$ 218,532.43
Increased by:		
Collections	B-1	<u>558,607.60</u>
		777,140.03
Decreased by:		
Expenditures	B-1	<u>175,602.54</u>
Balance December 31, 2012	B	<u><u>\$ 601,537.49</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

SPECIAL ESCROW DEPOSITS

B-10

	<u>Ref.</u>		
Balance June 30, 2012			\$ 3,202,038.33
Increased by:			
Collections	B-1	\$ 295,324.50	
Interfunds Payable - Accumulated Sick Leave	B-7	<u>108,398.76</u>	
			<u>403,723.26</u>
			3,605,761.59
Decreased by:			
Refunds and Expenditures	B-1	179,121.03	
Interfunds Payable - Affordable Housing	B-7	<u>105,928.58</u>	
			<u>285,049.61</u>
Balance December 31, 2012	B		<u><u>\$ 3,320,711.98</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

STATE UNEMPLOYMENT COMPENSATION  
INSURANCE TRUST FUND

B-11

	<u>Ref.</u>	
Balance June 30, 2012		\$ 183,213.49
Increased by:		
Quarterly Credits	B-1	<u>22,707.70</u> 205,921.19
Decreased by:		
Claims	B-1	<u>6,775.11</u>
Balance December 31, 2012	B	<u><u>\$ 199,146.08</u></u>

POLICE DRUG ENFORCEMENT TRUST ACCOUNT

B-12

	<u>Ref.</u>	
Balance June 30, 2012		\$ 39,994.67
Increased by:		
Cash Receipts	B-1	<u>7,415.96</u> 47,410.63
Decreased by:		
Expenditures	B-1	<u>6,743.88</u>
Balance December 31, 2012	B	<u><u>\$ 40,666.75</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

MUNICIPAL DRUG ALLIANCE DISCRETIONARY RESERVES

B-13

	<u>Ref.</u>	
Balance June 30, 2012		\$ 3,420.14
Increased by:		
Donations	B-1	<u>2,310.00</u>
		5,730.14
Decreased by:		
Expenditures	B-1	<u>2,100.00</u>
Balance December 31, 2012	B	<u><u>\$ 3,630.14</u></u>

RESERVE FOR PUBLIC DEFENDER TRUST FUND

B-14

	<u>Ref.</u>	
Balance June 30, 2012		\$ 47,931.93
Increased by:		
Fees Collected	B-1	<u>10,169.00</u>
		58,100.93
Decreased by:		
Expenditures	B-1	<u>6,900.02</u>
Balance December 31, 2012	B	<u><u>\$ 51,200.91</u></u>

TOWNSHIP OF MANCHESTER  
TRUST FUND

RESERVE FOR OPEN SPACE TRUST FUND

B-15

	<u>Ref.</u>	
Balance June 30, 2012		\$ 57,274.64
Increased by:		
Open Space Tax Levy		\$ 192,468.29
Interest on Investments		43.67
	B-1	192,511.96
		249,786.60
Decreased by:		
Expenditures	B-1	14,560.00
Balance December 31, 2012	B	\$ 235,226.60

RESERVE FOR RECREATION TRUST FUND

B-16

	<u>Ref.</u>	
Balance June 30, 2012		\$ 13,429.44
Increased by:		
Cash Receipts	B-1	22,495.00
		35,924.44
Decreased by:		
Expenditures	B-1	22,195.16
Balance December 31, 2012	B	\$ 13,729.28

TOWNSHIP OF MANCHESTER  
TRUST FUND

COMMUNITY DEVELOPMENT BLOCK GRANT RESERVES

B-17

<u>Grant Number</u>	<u>Project Description</u>	<u>Balance June 30, 2012</u>	<u>Balance Dec. 31, 2012</u>
CT-780-06	Curbs and Sidewalks	\$ 21,750.00	\$ 21,750.00
CT-820-07	Curbs and Sidewalks	<u>35,000.00</u>	<u>35,000.00</u>
		<u>\$ 56,750.00</u>	<u>\$ 56,750.00</u>

Reference

B

TOWNSHIP OF MANCHESTER  
TRUST FUND

RESERVE FOR RETIREMENT PAY

B-18

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 863.50</u>
Balance December 31, 2012	B	<u><u>\$ 863.50</u></u>

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS

C-2

	<u>Ref.</u>		
Balance June 30, 2012			\$2,117,623.36
Increased by Receipts:			
Premium on Sale of Notes	C-1	\$ 26,309.00	
Bond Anticipation Notes	C-10	<u>5,657,600.00</u>	
			<u>5,683,909.00</u>
			<u>7,801,532.36</u>
Decreased by Disbursements:			
Improvement Authorizations	C-9	342,369.65	
Bond Anticipation Notes	C-10	<u>5,657,600.00</u>	
			<u>5,999,969.65</u>
Balance December 31, 2012	C		<u><u>\$1,801,562.71</u></u>

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

C-3

ANALYSIS OF GENERAL CAPITAL CASH

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance June 30, 2012</u>	<u>Receipts Other</u>	<u>Disbursements Improvement Authorizations</u>	<u>Balance Dec. 31, 2012</u>
	Capital Improvement Fund	\$ 476,205.45	\$	\$	\$ 476,205.45
	Interfunds Receivable	(95,000.00)			(95,000.00)
	Fund Balance	309,341.34	26,309.00		335,650.34
	<u>Improvement Authorizations - General</u>				
02-027	Pine Lake Park Walkway	(133,428.07)		24,990.00	(158,418.07)
04-005	Police Communication Systems	68,541.69			68,541.69
04-007	Road Improvements to Colonial Drive	(72,679.00)		18,472.53	(91,151.53)
05-001	Improvements to Soccer Complex	(60,513.18)		24,994.98	(85,508.16)
05-058-1	Police Department Projects	203,394.85			203,394.85
05-058-4	Acquisition of Microfilming Equipment	897.10			897.10
08-028-1	Acquisition of Public Works Vehicles	151,958.24		151,958.24	
08-028-2	Various Park Improvements	40,039.39		1,476.58	38,562.81
08-028-3	Various Environmental Improvements	88,644.40		25,459.46	63,184.94
08-028-4	Various Capital Improvements	483,512.20		9,191.87	474,320.33
08-028-5	Paving of Various Roads	216,224.54			216,224.54
08-028-6	Various Improvements	273,779.86		85,825.99	187,953.87
08-028-7	Purchase of Police Vehicles/Weapons	3,257.19			3,257.19
08-028-9	Purchase of Various Land	158,000.00			158,000.00
08-037	Paving of Alexander Avenue	5,323.04			5,323.04
09-001	Acquisition of Fire Truck - Cash on Hand	124.32			124.32
		<u>\$ 2,117,623.36</u>	<u>\$ 26,309.00</u>	<u>\$ 342,369.65</u>	<u>\$ 1,801,562.71</u>

Reference

C-2

C-2

C

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

INTERFUNDS RECEIVABLE

C-4

	<u>Ref.</u>	<u>Current Fund</u>
Balance June 30, 2012		<u>\$ 95,000.00</u>
Balance December 31, 2012	C	<u>\$ 95,000.00</u>

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION  
FUNDED

C-5

	<u>Ref.</u>		
Balance June 30, 2012			\$ 12,997,334.43
Decreased by:			
2012 Budget Appropriations:			
Green Acres Payment	C-7	\$ 62,443.06	
Serial Bonds Redeemed	C-11	<u>400,000.00</u>	
			<u>462,443.06</u>
Balance December 31, 2012	C		<u>\$ 12,534,891.37</u>



TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE

C-7

	<u>Ref.</u>	
Balance June 30, 2012		\$1,249,334.43
Decreased by:		
Payments	C-5	<u>62,443.06</u>
Balance December 31, 2012	C	<u>\$ 1,186,891.37</u>

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND

C-8

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 476,205.45</u>
Balance December 31, 2012	C	<u><u>\$ 476,205.45</u></u>

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

C-9

IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Balance June 30, 2012		Expended	Balance Dec. 31, 2012	
	Funded	Unfunded		Funded	Unfunded
General Improvements					
Pine Lake Park Walkway	\$ 68,541.69	\$ 93,877.93	\$ 24,990.00	\$ 68,541.69	\$ 68,887.93
Police Communications System		42,321.00	18,472.53		23,848.47
Road Improvements to Colonial Drive		122,287.32	24,994.98		97,292.34
Improvement to Soccer Complex					
Police Department Projects	203,394.85			203,394.85	
Acquisition of Microfilming Equipment	897.10			897.10	
Acquisition of Public Works Vehicles		151,958.24	151,958.24		
Various Park Improvements		40,039.39	1,476.58		38,562.81
Various Environmental Improvements		88,644.40	25,459.46		63,184.94
Various Capital Improvements		483,512.20	9,191.87		474,320.33
Paving of Various Roads		216,224.54			216,224.54
Various Improvements		273,779.86	85,825.99		187,953.87
Purchase of Police Vehicles/Weapons		3,257.19			3,257.19
Purchase of Various Land		158,000.00			158,000.00
Paving of Alexander Avenue		18,823.04			18,823.04
	<u>\$ 272,833.64</u>	<u>\$ 1,692,725.11</u>	<u>\$ 342,369.65</u>	<u>\$ 272,833.64</u>	<u>\$ 1,350,355.46</u>

Reference

C-2

C

C

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES

C-10

Description	Ordinance Number	Date of Issue	Original		Date of Issue	Date of Maturity	Rate of Interest	Balance June 30, 2012	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2012
			Amount								
Various Capital Improvements	08-028	12-18-08	\$3,000,000.00		10-28-11	10-28-12	1.50%	\$2,885,000.00	\$	\$2,885,000.00	\$
					10-29-12	10-25-13	1.25%		2,806,640.00	2,806,640.00	
Various Capital Improvements	08-028	12-10-09	2,353,250.00		10-28-11	10-28-12	1.50%	2,353,250.00		2,353,250.00	2,353,250.00
					10-29-12	10-25-13	1.25%				
Paving of Alexander Avenue	08-037	12-10-09	81,500.00		10-28-11	10-28-12	1.50%	81,500.00		81,500.00	81,500.00
					10-29-12	10-25-13	1.25%				
Purchase of Fire Truck	09-001	12-10-09	565,250.00		10-28-11	10-28-12	1.50%	565,250.00		565,250.00	565,250.00
					10-29-12	10-25-13	1.25%				
								<u>\$5,885,000.00</u>	<u>\$5,885,000.00</u>	<u>\$5,885,000.00</u>	<u>\$5,657,600.00</u>
								<u>C-2</u>	<u>Below</u>	<u>C</u>	
Reference											
Ref.											
Note Rollover											
Paid by Budget Appropriation											
								\$5,657,600.00	\$5,657,600.00	\$5,657,600.00	\$5,657,600.00
								227,400.00	227,400.00	227,400.00	227,400.00
								Above	Above	Above	Above

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

SERIAL BONDS

C-11

<u>Date of Issue</u>	<u>Issue</u>	<u>Maturities of</u> <u>Bonds Outstanding</u> <u>Dec. 31, 2012</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Bonds</u> <u>Paid</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
		<u>Amount</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
10-15-01	\$ 3,198,000.00	\$ 398,000.00	3.875	\$ 798,000.00	\$ 400,000.00	\$ 398,000.00
3-01-06	14,350,000.00	650,000.00	4.250			
		750,000.00	4.250			
		800,000.00	4.250	<u>10,950,000.00</u>		<u>10,950,000.00</u>
				<u>\$ 11,748,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 11,348,000.00</u>

Reference

C-5

C

TOWNSHIP OF MANCHESTER  
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-12

<u>Description</u>	<u>Ordinance Number</u>	<u>Amount</u>	<u>Balance June 30, 2012</u>	<u>Balance Dec. 31, 2012</u>
Pine Lake Park Walkway	02-027	\$ 570,000.00	\$ 227,306.00	\$ 227,306.00
Road Improvements to Colonial Drive	04-007	245,000.00	115,000.00	115,000.00
Improvements to Soccer Complex	05-001	700,000.00	182,800.50	182,800.50
Paving of Alexander Avenue	08-037	95,000.00	<u>13,500.00</u>	<u>13,500.00</u>
			<u>\$ 538,606.50</u>	<u>\$ 538,606.50</u>
		<u>Reference</u>		<u>C</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Escrow Account</u>	<u>Capital Fund</u>
Balance June 30, 2012		\$ 808,903.78	\$ 315,187.01	\$ 2,295,361.11
Increased by Receipts:				
Miscellaneous Revenue	D-3	\$ 41,108.72		
Consumer Accounts Receivable	D-7	1,252,895.00		
Connection Fees	D-9	23,184.00		
Escrow Deposits	D-15	<u>1,317,187.72</u>	41,182.32	
		<u>2,126,091.50</u>	<u>356,369.33</u>	<u>2,295,361.11</u>
Decreased by Disbursements:				
Budget Appropriations	D-4	1,198,637.93		
Appropriation Reserves	D-13	84,514.70		
Accrued Interest on Bonds	D-14	45,595.51		
Escrow Deposits Returned	D-15		45,817.25	
Improvement Authorizations	D-19			36,620.72
		<u>1,328,748.14</u>		
Balance December 31, 2012	D	<u>\$ 797,343.36</u>	<u>\$ 310,552.08</u>	<u>\$ 2,258,740.39</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

ANALYSIS OF WATER CAPITAL CASH AND INVESTMENTS

D-6

	<u>Balance</u> <u>June 30, 2012</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Other Accounts</u>			
Capital Improvement Fund	\$ 2,017,889.94	\$	\$ 2,017,889.94
Fund Balance	36,745.00		36,745.00
 <u>Improvement Authorizations</u>			
Ordinance #02-036:			
Redevelopment of Wells	39,700.17	36,620.72	3,079.45
Ordinance #08-026:			
Various Capital Improvements	<u>201,026.00</u>	<u>                    </u>	<u>201,026.00</u>
	<u>\$ 2,295,361.11</u>	<u>\$ 36,620.72</u>	<u>\$ 2,258,740.39</u>

Reference

D-5

D

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

CONSUMER ACCOUNTS RECEIVABLE

D-7

	<u>Ref.</u>		
Balance June 30, 2012			\$ 98,348.24
Increased by:			
Water Rents Levied - Net	Reserve		1,279,401.15
			<u>1,377,749.39</u>
Decreased by:			
Collections	D-3,5	\$ 1,252,895.00	
Transfer to Water Liens	D-8	<u>43.20</u>	
			<u>1,252,938.20</u>
Balance December 31, 2012	D		<u>\$ 124,811.19</u>

WATER LIENS

D-8

	<u>Ref.</u>		
Balance June 30, 2012			\$ 3,261.49
Increased by:			
Transfer from Accounts Receivable	D-7		<u>43.20</u>
Balance December 31, 2012	D		<u>\$ 3,304.69</u>

CONNECTION FEES RECEIVABLE

D-9

	<u>Ref.</u>		
Balance June 30, 2012			\$ 1,010.00
Increased by:			
Connection Fees	Reserve		23,184.00
			<u>24,194.00</u>
Decreased by:			
Cash Receipts	D-3,5		<u>23,184.00</u>
Balance December 31, 2012	D		<u>\$ 1,010.00</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

RESERVE FOR INVENTORY

D-10

	<u>Ref.</u>	
Balance June 30, 2012		\$ 36,419.40
Decreased by:		
Inventory Adjustment	Reserve	<u>6,289.73</u>
Balance December 31, 2012	D	<u>\$ 30,129.67</u>

FIXED CAPITAL

D-11

	<u>Ref.</u>	
Balance June 30, 2012		\$ 9,941,957.01
Increased by:		
Transferred from Fixed Capital Authorized and Incomplete	D-12	<u>36,620.72</u>
Balance December 31, 2012	D	<u>\$ 9,978,577.73</u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-12

	<u>Ref.</u>	
Balance June 30, 2012		\$ 240,726.17
Decreased by:		
Transferred to Fixed Capital	D-11	<u>36,620.72</u>
Balance December 31, 2012	D	<u>\$ 204,105.45</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

D-13

APPROPRIATION RESERVES

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Appropriations</u>	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ 21,633.48	\$ 21,633.48	\$	\$ 21,633.48
Other Expenses	95,680.54	248,019.35	84,514.70	163,504.65
	<u>95,680.54</u>	<u>269,652.83</u>	<u>84,514.70</u>	<u>185,138.13</u>
<u>Statutory Expenditures</u>				
Social Security System	<u>10,197.72</u>	<u>10,197.72</u>		<u>10,197.72</u>
	<u>\$ 95,680.54</u>	<u>\$ 279,850.55</u>	<u>\$ 84,514.70</u>	<u>\$ 195,335.85</u>

Reference

D-5

D-1

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

ACCRUED INTEREST ON BONDS

D-14

	<u>Ref.</u>	
Balance June 30, 2012		\$ 29,244.23
Increased by:		
TY 2012 Budget Appropriation	D-4	<u>25,130.00</u>
		54,374.23
Decreased by:		
Cash Disbursed	D-5	<u>45,595.51</u>
Balance December 31, 2012	D	<u>\$ 8,778.72</u>

RESERVE FOR ESCROW DEPOSITS

D-15

	<u>Ref.</u>	
Balance June 30, 2012		\$ 315,187.01
Increased by:		
Cash Receipts	D-5	<u>41,182.32</u>
		356,369.33
Decreased by:		
Cash Disbursed	D-5	<u>45,817.25</u>
Balance December 31, 2012	D	<u>\$ 310,552.08</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

CAPITAL IMPROVEMENT FUND

D-16

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 2,017,889.94</u>
Balance December 31, 2012	D	<u><u>\$ 2,017,889.94</u></u>

RESERVE FOR AMORTIZATION

D-17

	<u>Ref.</u>	
Balance June 30, 2012		\$ 6,745,760.00
Increased by:		
Payment of Serial Bonds	D-20	<u>420,000.00</u>
Balance December 31, 2012	D	<u><u>\$ 7,165,760.00</u></u>

DEFERRED RESERVE FOR AMORTIZATION

D-18

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 1,161,923.18</u>
Balance December 31, 2012	D	<u><u>\$ 1,161,923.18</u></u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

D-19

	Balance June 30, 2012 <u>Funded</u>	<u>Expended</u>	Balance Dec. 31, 2012 <u>Funded</u>
Ordinance #02-036: Redevelopment of Wells	\$ 39,700.17	\$ 36,620.72	\$ 3,079.45
Ordinance #08-026: Various Capital Improvements	<u>201,026.00</u>	<u>                    </u>	<u>201,026.00</u>
	<u>\$ 240,726.17</u>	<u>\$ 36,620.72</u>	<u>\$ 204,105.45</u>

D-5

D

TOWNSHIP OF MANCHESTER  
WATER UTILITY EASTERN SERVICE

SERIAL BONDS

D-20

Date of <u>Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding Dec. 31, 2012	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Bonds Redeemed</u>	<u>Balance Dec. 31, 2012</u>
<u>Date</u>	<u>Amount</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
2-01-03	\$ 5,565,000.00	\$ 435,000.00	4.000	\$ 2,275,000.00	\$ 420,000.00	\$ 1,855,000.00
10-01-13		435,000.00	4.000			
10-01-14		455,000.00	4.000			
10-01-15		470,000.00	4.000			
10-01-16		495,000.00	4.125			
General Refunding						
Bonds						

D-17

Reference

D

TOWNSHIP OF MANCHESTER  
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS  
PUBLIC ASSISTANCE ACCOUNTS

E-1

	<u>Ref.</u>	<u>Trust Fund Account #1</u>	<u>Discretionary Fund</u>
Balance June 30, 2012		\$2,630.72	\$ 207.95
Increased by Receipts:			
Interest on Deposits	E-2	2.90	
Private Donations	E-3		2,410.66
		<u>2,633.62</u>	<u>2,618.61</u>
Decreased by Disbursements:			
Non-State Matching Expenditures	E-3		<u>2,200.00</u>
Balance December 31, 2012	E	<u><u>\$2,633.62</u></u>	<u><u>\$ 418.61</u></u>

TOWNSHIP OF MANCHESTER  
PUBLIC ASSISTANCE TRUST FUND

RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

E-2

	<u>Ref.</u>	
Balance June 30, 2012		\$ 2,630.72
Increased by:		
Interest on Deposits	E-1	2.90
Balance December 31, 2012	E	\$ 2,633.62

RESERVE FOR DISCRETIONARY TRUST EXPENDITURES

E-3

	<u>Ref.</u>	
Balance June 30, 2012		\$ 207.95
Increased by:		
Private Donations	E-1	2,410.66
		2,618.61
Decreased by:		
Non-State Matching Expenditures	E-1	2,200.00
Balance December 31, 2012	E	\$ 418.61

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

F-5

CASH RECEIPTS AND DISBURSEMENTS  
CHECKING ACCOUNTS

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Utility Escrow</u>	<u>Capital Fund</u>
Balance June 30, 2012		\$ 3,076,946.08	\$ 202,502.61	\$ 2,357,524.26
Increased by Receipts:				
Miscellaneous Revenue	F-3	\$ 43,858.50		
Consumer Accounts Receivable	F-9	1,746,522.40		
Connection Fees Receivable	F-10	30,330.00		
Escrow Deposits	F-15		23,002.48	
Interest on Deposits	F-19			198.58
		<u>1,820,710.90</u>	<u>225,505.09</u>	<u>198.58</u>
		4,897,656.98		<u>2,357,722.84</u>
Decreased by Disbursements:				
Budget Appropriations	F-4	1,815,546.16		
Appropriation Reserves	F-14	46,577.58		
Reserve for Escrow Deposits	F-15		28,247.27	
Accrued Interest on Bonds	F-17	49,395.12		
Improvement Authorizations	F-24			30,685.00
		<u>1,911,518.86</u>		<u>30,685.00</u>
Balance December 31, 2012	F	<u>\$ 2,986,138.12</u>	<u>\$ 197,257.82</u>	<u>\$ 2,327,037.84</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

INVESTMENTS

F-6

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 595,000.00</u>
Balance December 31, 2012	F	<u><u>\$ 595,000.00</u></u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

ANALYSIS OF SEWER CAPITAL CASH AND INVESTMENTS

F-7

	<u>Balance</u> <u>June 30, 2012</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Other Accounts</u>				
Capital Improvement Fund	\$ 2,938,280.62	\$	\$	\$ 2,938,280.62
Due to Sewer Operating Fund	387.16	198.58		585.74
Fund Balance	3,815.00			3,815.00
 <u>Improvement Authorizations</u>				
#94-225 - Construction of Sanitary Sewer Improvements in Cedar Glen Lakes Area	(20,643.52)			(20,643.52)
#11-011 - Purchase of Equipment	<u>30,685.00</u>		<u>30,685.00</u>	
	<u>\$ 2,952,524.26</u>	<u>\$198.58</u>	<u>\$ 30,685.00</u>	<u>\$ 2,922,037.84</u>
<u>Reference</u>		<u>F-5</u>	<u>F-5</u>	<u>F, Below</u>
			<u>Ref.</u>	
		Checking Investments	F-5 F-6	<u>\$2,327,037.84</u> <u>595,000.00</u>
			Above	<u>\$2,922,037.84</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

SEWER OPERATING EASTERN SERVICE  
DUE FROM SEWER CAPITAL EASTERN SERVICE

F-8

	<u>Ref.</u>	
Balance June 30, 2012		\$ 387.16
Increased by:		
Interest Earned in Sewer Capital Eastern Service Fund	F-3	198.58
Balance December 31, 2012	F	\$ 585.74

CONSUMER ACCOUNTS RECEIVABLE

F-9

	<u>Ref.</u>	
Balance June 30, 2012		\$ 75,824.48
Increased by:		
Sewer Rents Levied - Net	Reserve	1,744,782.51
		1,820,606.99
Decreased by:		
Cash Receipts	F-3,5	1,746,522.40
Balance December 31, 2012	F	\$ 74,084.59

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

CONNECTION FEES RECEIVABLE

F-10

	<u>Ref.</u>	
Balance June 30, 2012		\$ 1,435.00
Increased by:		
Connection Billings	Reserve	30,330.00
		<u>31,765.00</u>
Decreased by:		
Cash Receipts	F-3,5	<u>30,330.00</u>
Balance December 31, 2012	F	<u>\$ 1,435.00</u>

RESERVE FOR INVENTORY

F-11

	<u>Ref.</u>	
Balance June 30, 2012		\$ 50,825.78
Decreased by:		
Inventory Adjustment	Reserve	<u>22,086.69</u>
Balance December 31, 2012	F	<u>\$ 28,739.09</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

FIXED CAPITAL

F-12

	<u>Ref.</u>	
Balance June 30, 2012		\$ 11,874,407.90
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted	F-13	<u>30,685.00</u>
Balance December 31, 2012	F	<u><u>\$ 11,905,092.90</u></u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

F-13

	<u>Ref.</u>	
Balance June 30, 2012		\$ 30,685.00
Decreased by:		
Improvement Authorization	F-12	<u>30,685.00</u>
		<u><u>\$ -</u></u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

F-14

APPROPRIATION RESERVES

<u>Appropriation</u>	<u>Encumbered</u>	<u>Balance June 30, 2012</u>	<u>Unencumbered</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>Operating</u>						
Salaries and Wages	\$ 38,773.83	\$ 74,955.07	229,308.38	\$ 74,955.07	\$ 146,577.58	\$ 74,955.07
Other Expenses				268,082.21		121,504.63
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)		21,948.79		21,948.79		21,948.79
	<u>\$ 38,773.83</u>		<u>\$ 326,212.24</u>	<u>\$ 364,986.07</u>	<u>\$ 146,577.58</u>	<u>\$ 218,408.49</u>
				<u>Below</u>		<u>F-1</u>
				<u>Ref.</u>		
				F-5	\$ 46,577.58	
				F-16	<u>100,000.00</u>	
				Above	<u>\$ 146,577.58</u>	

Reference

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

RESERVE FOR ESCROW DEPOSITS

F-15

	<u>Ref.</u>	
Balance June 30, 2012		\$202,502.61
Increased by:		
Escrow Deposits	F-5	23,002.48
		<u>225,505.09</u>
Decreased by:		
Cash Disbursed	F-5	28,247.27
		<u>28,247.27</u>
Balance December 31, 2012	F	<u>\$197,257.82</u>

ACCOUNTS PAYABLE

F-16

	<u>Ref.</u>	
Increased by:		
Transfer from Appropriated Reserves	F-14	\$100,000.00
		<u>\$100,000.00</u>
Balance December 31, 2012	F	<u>\$100,000.00</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

ACCRUED INTEREST ON BONDS

F-17

	<u>Ref.</u>	
Balance June 30, 2012		\$ 28,909.32
Increased by:		
Budget Appropriation	F-4	31,450.00
		<u>60,359.32</u>
Decreased by:		
Cash Disbursed	F-5	49,395.12
Balance December 31, 2012	F	<u>\$ 10,964.20</u>

ACCRUED INTEREST ON WASTE WATER LOAN

F-18

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 25,550.38</u>
Balance December 31, 2012	F	<u>\$ 25,550.38</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

SEWER CAPITAL EASTERN SERVICE  
DUE TO SEWER OPERATING EASTERN SERVICE

F-19

	<u>Ref.</u>	
Balance June 30, 2012		\$ 387.16
Increased by:		
Interest Earned	F-5	<u>198.58</u>
Balance December 31, 2012	F	<u>\$ 585.74</u>

CAPITAL IMPROVEMENT FUND

F-20

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 2,938,280.62</u>
Balance December 31, 2012	F	<u>\$ 2,938,280.62</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

DEFERRED RESERVE FOR AMORTIZATION

F-21

	<u>Ref.</u>	
Balance June 30, 2012		\$ 100,000.00
Decreased by:		
Transferred to Reserve for Amortization	F-23	<u>100,000.00</u>
		<u>\$ -</u>

DUE TO STATE OF NEW JERSEY  
WASTE WATER TREATMENT LOAN PAYABLE

F-22

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 471,689.32</u>
Balance December 31, 2012	F	<u>\$ 471,689.32</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

RESERVE FOR AMORTIZATION

F-23

	<u>Ref.</u>		
Balance June 30, 2012			\$ 8,787,760.06
Increased by:			
Transferred from Deferred Reserve for Amortization	F-21	\$100,000.00	
Payment of Serial Bonds	F-24	<u>465,000.00</u>	
			<u>565,000.00</u>
Balance December 31, 2012	F		<u>\$ 9,352,760.06</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

F-24

<u>Ordinance Number</u>		<u>Balance June 30, 2012 Funded</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012 Funded</u>
11-011	Purchase of Equipment	<u>\$ 30,685.00</u>	<u>\$30,685.00</u>	<u>\$ -</u>
	<u>Reference</u>		<u>F-5</u>	

TOWNSHIP OF MANCHESTER  
SEWER UTILITY EASTERN SERVICE

F-25

SERIAL BONDS

General Refunding Bonds	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2012	Bonds Redeemed	Balance Dec. 31, 2012
	Date	Amount	Date	Amount	%			
	2-01-03	\$ 6,190,000.00	10-01-13	\$ 485,000.00	4.000			
			10-01-14	505,000.00	4.000			
			10-01-15	525,000.00	4.000			
			10-01-16	545,000.00	4.125	\$ 2,525,000.00	\$ 465,000.00	\$ 2,060,000.00

Reference

F-23

F

TOWNSHIP OF MANCHESTER  
PAYROLL FUND

CASH RECEIPTS AND DISBURSEMENTS

G-1

	<u>Ref.</u>		
Balance June 30, 2012			\$ 3,472.97
Increased by:			
Payrolls	G-2	\$ 7,870,307.11	
Employers' Share of Social Security	G-2	<u>512,105.48</u>	
			<u>8,382,412.59</u>
			8,385,885.56
Decreased by:			
Payroll Disbursements	G-2		<u>8,380,622.73</u>
Balance December 31, 2012	G		<u>\$ 5,262.83</u>

TOWNSHIP OF MANCHESTER  
PAYROLL FUND

G-2

PAYROLL DEDUCTIONS PAYABLE  
TY 2012

	<u>Balance</u> <u>June 30, 2012</u>	<u>Receipts</u>	<u>Other</u> <u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Net Salaries and Wages	\$	\$ 5,123,631.58	\$	\$ 5,123,631.58	\$
Taxes		1,670,292.72		2,182,398.20	
PERS	1,039.20	249,364.53		248,974.38	1,429.35
Contributory Insurance	176.15	13,934.19	512,105.48	14,017.56	92.78
PFRS	0.16	412,609.68		411,897.78	712.06
VALIC		109,326.00		109,326.00	
Defined Contribution Plan		1,980.95		1,980.95	
Probation		49,950.00		49,950.00	
Garnishee		1,831.81		1,831.81	
PBA Dues		15,100.00		15,100.00	
OPEIU		24,363.62		24,363.62	
Medical		100,602.82		100,602.82	
Hartford		43,044.96		43,044.96	
AFLAC - Ga	2,257.08	34,067.32		34,067.32	3,028.02
AFLAC - Flex		2,625.09		1,854.15	
AFLAC - NY		7,761.54		7,761.54	
Boston Mutual		622.18		622.18	
Parkway	0.38	6,840.12		6,839.88	0.62
Car Allowance		2,358.00		2,358.00	
	<u>\$ 3,472.97</u>	<u>\$ 7,870,307.11</u>	<u>\$ 512,105.48</u>	<u>\$ 8,380,622.73</u>	<u>\$ 5,262.83</u>

Reference

G-1

G-1

G-1

G

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

H-4

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance June 30, 2012		\$ 1,500,507.57	\$ 627,851.95
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	H-2	\$ 7,920.32	
Due from Water Capital Western Service	H-7	3,339.63	
Consumer Accounts Receivable	H-8	1,129,933.75	
Interfunds Payable	H-13	<u>1,141,193.70</u>	<u>686.91</u>
		<u>2,641,701.27</u>	<u>628,538.86</u>
Decreased by Disbursements:			
Budget Appropriations	H-3	582,142.50	
Appropriation Reserves	H-12	47,218.93	
Interfunds Payable	H-15		3,339.63
Accrued Interest on Bonds	H-14	<u>321,238.75</u>	
		<u>950,600.18</u>	<u>3,339.63</u>
Balance December 31, 2012	H	<u>\$ 1,691,101.09</u>	<u>\$ 625,199.23</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

ANALYSIS OF WATER CAPITAL WESTERN SERVICE  
CASH AND INVESTMENTS

H-5

	<u>Balance</u> <u>June 30, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Other Accounts</u>				
Due to Water Operating Western Service	\$ 3,339.63	\$ 686.91	\$ 3,339.63	\$ 686.91
<u>Improvement Authorizations</u>				
Acquisition of Crestwood Water Company	<u>624,512.32</u>			<u>624,512.32</u>
	<u>\$ 627,851.95</u>	<u>\$ 686.91</u>	<u>\$ 3,339.63</u>	<u>\$ 625,199.23</u>

Reference

H-4

H-4

H

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

CHANGE FUND

H-6

	<u>Ref.</u>	
Balance June 30, 2012		\$ 60.00
Balance December 31, 2012	H	\$ 60.00

WATER OPERATING FUND  
DUE FROM WATER CAPITAL WESTERN SERVICE FUND

H-7

	<u>Ref.</u>	
Balance June 30, 2012		\$ 3,339.63
Increased by:		
Interest Earned in Western Water Capital Fund	H-15	686.91
		4,026.54
Decreased by:		
Cash Receipts	H-4	3,339.63
Balance December 31, 2012	H	\$ 686.91

CONSUMER ACCOUNTS RECEIVABLE

H-8

	<u>Ref.</u>	
Balance June 30, 2012		\$ 155,872.39
Increased by:		
Water Rents Levied - Net	Reserve	1,127,879.45
		1,283,751.84
Decreased by:		
Collections	H-2,4	1,129,933.75
Balance December 31, 2012	H	\$ 153,818.09

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

WATER LIENS

H-9

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 183.37</u>
Balance December 31, 2012	H	<u><u>\$ 183.37</u></u>

FIXED CAPITAL

H-10

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 14,930,487.68</u>
Balance December 31, 2012	H	<u><u>\$ 14,930,487.68</u></u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

H-11

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 624,512.32</u>
Balance December 31, 2012	H	<u><u>\$ 624,512.32</u></u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

H-12

APPROPRIATION RESERVES

<u>Appropriations</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ 49,069.67	\$ 569.93	\$ 47,218.93	\$ 569.93
Other Expenses		102,718.88		104,569.62
<u>Statutory Expenditures</u>				
Contribution to:				
Social Security System		605.70		605.70
	<u>\$ 49,069.67</u>	<u>\$ 103,894.51</u>	<u>\$ 47,218.93</u>	<u>\$ 105,745.25</u>

Reference

H-4

H-1

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

WATER OPERATING FUND  
INTERFUNDS PAYABLE

H-13

	<u>Ref.</u>	<u>Due to</u> <u>Current Fund</u>
Balance June 30, 2012		\$ 94.77
Increased by:		
Cash Receipts	H-4	<u>2,472.06</u>
Balance December 31, 2012	H	<u>\$ 2,566.83</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

ACCRUED INTEREST ON BONDS

H-14

	<u>Ref.</u>	
Balance June 30, 2012		\$ 98,728.54
Increased by:		
TY 2012 Budget Appropriation	H-3	354,250.00
		<u>452,978.54</u>
Decreased by:		
Cash Disbursed	H-4	321,238.75
		<u>321,238.75</u>
Balance December 31, 2012	H	<u><u>\$ 131,739.79</u></u>

WATER CAPITAL FUND  
DUE TO WATER OPERATING WESTERN SERVICE FUND

H-15

	<u>Ref.</u>	
Balance June 30, 2012		\$ 3,339.63
Increased by:		
Cash Receipts	H-2,7	686.91
		<u>4,026.54</u>
Decreased by:		
Cash Disbursed	H-4	3,339.63
		<u>3,339.63</u>
Balance December 31, 2012	H	<u><u>\$ 686.91</u></u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

H-16

	<u>Ordinance Number</u>	<u>Balance June 30, 2012 Funded</u>	<u>Balance Dec. 31, 2012 Funded</u>
Acquisition of Crestwood Water Company	09-026	<u>\$624,512.32</u>	<u>\$624,512.32</u>
	<u>Reference</u>		H

RESERVE FOR AMORTIZATION

H-17

	<u>Ref.</u>	
Increased by: Serial Bonds Paid	H-18	<u>\$ 75,000.00</u>
Balance December 31, 2012	H	<u>\$ 75,000.00</u>

TOWNSHIP OF MANCHESTER  
WATER UTILITY WESTERN SERVICE

SERIAL BONDS

H-18

	<u>Date of Issue</u>	<u>Original Issue</u>		<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2012</u>
Water Utility Bonds, Series 2010A	9-30-2010	\$ 15,555,000.00							
				<u>Maturities of Bonds Outstanding Dec. 31, 2012</u>					
				8-01-2013	\$ 80,000.00	4.000 %			
				8-01-2014	246,000.00	4.000			
				8-01-2015	249,000.00	4.000			
				8-01-2016	263,000.00	4.000			
				8-01-2017	265,000.00	4.000			
				8-01-2018	266,000.00	4.000			
				8-01-2019	274,000.00	4.000			
				8-01-2020	276,000.00	4.000			
				8-01-2021	285,000.00	4.000			
				8-01-2022	294,000.00	4.000			
				8-01-2025	898,000.00	4.000			
				8-01-2026	309,000.00	4.000			
				8-01-2027	309,000.00	4.000			
				8-01-2028	315,000.00	4.000			
				8-01-2031	963,000.00	4.000			
				8-01-2032	324,000.00	4.000			
				8-01-2033	891,000.00	4.000			
				8-01-2034	936,000.00	4.125			
				8-01-2035	985,000.00	4.150			
				8-01-2036	1,035,000.00	4.250			
				8-01-2037	1,088,000.00	4.250			
				8-01-2038	1,144,000.00	4.250			
				8-01-2039	1,203,000.00	4.250			
				8-01-2040	1,264,000.00	4.250			
				8-01-2041	1,318,000.00	4.250			
							<u>\$ 15,555,000.00</u>		
								<u>\$ 75,000.00</u>	
									<u>\$ 15,480,000.00</u>

Reference

H-17

H

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

1-4

CASH RECEIPTS AND DISBURSEMENTS

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance June 30, 2012		\$ 837,908.02	\$ 158,996.30
Increased by Receipts:			
Miscellaneous Revenue	I-2	\$ 32,926.84	
Consumer Accounts Receivable	I-6	1,157,797.43	
Due from Water Capital Western Service	I-10	585.69	
Due to Sewer Operating Western Service	I-13	<u>161.26</u>	
		<u>1,191,309.96</u>	<u>161.26</u>
		<u>2,029,217.98</u>	<u>159,157.56</u>
Decreased by Disbursements:			
Budget Appropriations	I-3	1,194,007.55	
Appropriation Reserves	I-11	22,525.45	
Accrued Interest on Bonds	I-12	103,700.00	
Due to Water Operating Western Service	I-13		585.69
Improvement Authorizations	I-14		<u>30,685.00</u>
		<u>1,320,233.00</u>	<u>31,270.69</u>
Balance December 31, 2012		<u>\$ 708,984.98</u>	<u>\$ 127,886.87</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

ANALYSIS OF SEWER CAPITAL WESTERN SERVICE  
CASH AND INVESTMENTS

I-5

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Other Accounts</u>				
Due to Sewer Operating Western Service	\$ 585.69	\$ 161.26	\$ 585.69	\$ 161.26
<u>Improvement Authorizations</u>				
Acquisition of Crestwood Water Company - 09-027	<u>158,410.61</u>	<u>                    </u>	<u>30,685.00</u>	<u>127,725.61</u>
	<u>\$ 158,996.30</u>	<u>\$ 161.26</u>	<u>\$ 31,270.69</u>	<u>\$ 127,886.87</u>
<u>Reference</u>		<u>I-4</u>	<u>I-4</u>	<u>I</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

CONSUMER ACCOUNTS RECEIVABLE

I-6

	<u>Ref.</u>	
Balance June 30, 2012		\$ 183,647.37
Increased by:		
Sewer Rents Levied - Net	Reserve	1,148,187.78
		<u>1,331,835.15</u>
Decreased by:		
Collections	I-2,4	1,157,797.43
Balance December 31, 2012	I	<u>\$ 174,037.72</u>

UTILITY WESTERN LIENS

I-7

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 364.81</u>
Balance December 31, 2012	I	<u>\$ 364.81</u>

FIXED CAPITAL

I-8

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 5,026,589.39</u>
Balance December 31, 2012	I	<u>\$ 5,026,589.39</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

I-9

	<u>Ref.</u>	
Balance June 30, 2012		<u>\$ 158,410.61</u>
Balance December 31, 2012	I	<u><u>\$ 158,410.61</u></u>

SEWER OPERATING FUND  
DUE FROM SEWER CAPITAL WESTERN SERVICE

I-10

	<u>Ref.</u>	
Balance June 30, 2012		\$ 585.69
Increased by:		
Interest Earned in Capital Fund	I-2	<u>161.26</u>
		746.95
Decreased by:		
Cash Receipts	I-4	<u>585.69</u>
Balance December 31, 2012	I	<u><u>\$ 161.26</u></u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

APPROPRIATION RESERVES

I-11

<u>Appropriation</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ 84.92	\$ 84.92	\$ 84.92	\$ 84.92
Other Expenses	11,343.44	127,126.00	22,525.45	115,943.99
	<u>11,343.44</u>	<u>1,758.44</u>	<u>22,525.45</u>	<u>1,758.44</u>
<u>Statutory Expenditures</u>				
Contribution to:				
Social Security System (OASI)	<u>1,758.44</u>	<u>1,758.44</u>		<u>1,758.44</u>
	<u>\$11,343.44</u>	<u>\$ 128,969.36</u>	<u>\$22,525.45</u>	<u>\$ 117,787.35</u>

Reference

I-4

I-1

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

ACCRUED INTEREST ON BONDS

I-12

	<u>Ref.</u>	
Balance June 30, 2012		\$ 63,897.30
Increased by:		
Budget Appropriation	I-3	82,303.00
		<u>146,200.30</u>
Decreased by:		
Cash Disbursed	I-4	103,700.00
		<u>103,700.00</u>
Balance December 31, 2012	I	<u><u>\$ 42,500.30</u></u>

SEWER CAPITAL FUND  
DUE TO SEWER OPERATING WESTERN SERVICE

I-13

	<u>Ref.</u>	
Balance June 30, 2012		\$ 585.69
Increased by:		
Cash Receipts	I-4	161.26
		<u>161.26</u>
Decreased by:		
Cash Disbursed	I-4	585.69
		<u>585.69</u>
Balance December 31, 2012	I	<u><u>\$ 161.26</u></u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

I-14

	<u>Ordinance Number</u>	<u>Balance June 30, 2012 Unfunded</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012 Funded</u>
Acquisition of Crestwood Sewer Company	09-027	<u>\$ 158,410.61</u>	<u>\$ 30,685.00</u>	<u>\$ 127,725.61</u>
<u>Reference</u>			<u>I-4</u>	<u>I</u>

RESERVE FOR AMORTIZATION

I-15

Increased by:	<u>Ref.</u>	
Serial Bonds Paid	I-16	<u>\$ 25,000.00</u>
Balance December 31, 2012	I	<u>\$ 25,000.00</u>

TOWNSHIP OF MANCHESTER  
SEWER UTILITY WESTERN SERVICE

SERIAL BONDS

I-16

Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	%	Balance June 30, 2012	Decrease	Balance Dec. 31, 2012
		Date	Dec. 31, 2012	Amount					
9-30-2010	\$ 5,185,000.00	8-01-2013	\$ 36,000.00		4.00		\$	\$	
		8-01-2014	99,000.00		4.00				
		8-01-2015	114,000.00		4.00				
		8-01-2016	118,000.00		4.00				
		8-01-2017	136,000.00		4.00				
		8-01-2018	155,000.00		4.00				
		8-01-2019	169,000.00		4.00				
		8-01-2020	190,000.00		4.00				
		8-01-2021	204,000.00		4.00				
		8-01-2022	221,000.00		4.00				
		8-01-2025	808,000.00		4.00				
		8-01-2026	319,000.00		4.00				
		8-01-2027	351,000.00		4.00				
		8-01-2028	379,000.00		4.00				
		8-01-2031	1,338,000.00		4.00				
		8-01-2032	523,000.00		4.00				
						<u>\$ 5,185,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 5,160,000.00</u>	

Sewer Utility Bonds,  
Series 2010B

I-15

I

**PART II**  
**REPORT ON INTERNAL CONTROL**  
**ROSTER OF OFFICIALS**  
**LETTER OF TRANSMITTAL, COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2012**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

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

### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Township Council  
Township of Manchester  
Manchester, New Jersey 08759

We have audited the financial statements - regulatory basis of the various funds of the Township of Manchester, County of Ocean, as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated September 12, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

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

## Compliance and Other Matters

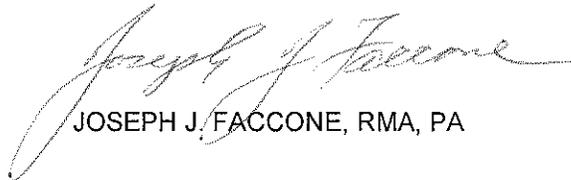
As part of obtaining reasonable assurance about whether the Township of Manchester's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

## Purpose of this Report

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



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 12, 2013

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office July 1, 2012 to December 31, 2012:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Michael Fressola	Mayor	\$
Craig Wallis	Council President	
Brendan Weiner	Council Vice President	
Samuel Fusaro	Council Member	
Warren E. Reiter	Council Member	
Frederick F. Trutkoff	Council Member	
Elena Zsoldos	Business Administrator	
Sabina T. Skibo	Township Clerk Registrar	
Andrea Gaskill	Tax Collector	1,000,000.00
Nancy Ciccone	Tax Search Officer	
Barbara Carter	Deputy Tax Collector/Utility Collector	1,000,000.00
Diane Lapp	Chief Financial Officer/Director of Finance	
Martin W. Lynch	Tax Assessor	
Raymond Hall	Deputy Tax Assessor	
Steven Secare	Township Attorney	
Charles F. Starkey	Utilities Attorney	
Albert Yodakis	Engineer	
Daniel J. Sahin	Magistrate	
Tracy Barcus	Court Administrator	
Catherine Smith	Deputy Court Administrator	
Michael Martin	Construction Code Official	

All employees were covered by a \$1,000,000.00 Blanket Employee Fidelity Bond issued by the Municipal Excess Liability Joint Insurance Fund.

**SAMUEL KLEIN AND COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

The Honorable Mayor and Members  
of the Township Council  
Township of Manchester  
Manchester, New Jersey 08759

Gentlemen:

We have audited the statutory basis financial statements, Federal and State Financial Assistance Programs and supplemental schedules and statistical data of the

**TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN**

for the transition year ended December 31, 2012 and have issued our report thereon. As part of our audit, we reviewed and tested the Municipality's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America; by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; by the *Government Auditing Standards* issued by the U.S. General Accounting Office; and by the provisions of the "Single Audit Act of 1984". Compliance requirements were also reviewed in accordance with the requirements of the aforementioned standards and guidelines or, where applicable, the terms and conditions of particular grant agreements and as approved by the Cognizant Audit Agency.

Our comments with respect to the audit, internal control, and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the audit are herewith set forth.

**Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4)**

N.J.S.A. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The statutory bidding threshold for the year 2012 was the sum of \$17,500.00, effective July 1, 2011 in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law" provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold known as "window contracts" can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

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

Road Asphalt  
Sodium Hypochlorite

Our examination of expenditures did not reveal any individual payments in excess of the statutory thresholds "for the performance of any work, or the furnishing or hiring of any materials", other than those where bids had been previously sought by public advertisement under the provisions of N.J.S. 40A:11-3.

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

**Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1**

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

Our examination indicated that quotes are obtained on a consistent basis with the provisions of N.J.S. 40A:11-6.1.

**Collection of Interest on Delinquent Taxes and Utility Charges**

The statutes (N.J.S. 54:4-67, as amended) provide the method authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body, on July 1, 2003, adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

“RESOLVED, that the interest rate on delinquent taxes be fixed at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond June 30, an additional penalty of 6% shall be charged against the delinquency.”

The resolutions also provide a 10 day grace period for taxes and a 20 day grace period for water and/or sewer payments.

Our tests of the Collector’s records indicated that interest was collected in accordance with the terms of the foregoing resolution.

**Delinquent Taxes and Tax Title Liens**

Tax and lien records are maintained on a computer system.

Delinquent taxes at December 31, 2012, in the sum of \$526,437.95, represent taxes levied in the transition year 2012 and prior. A tax sale was held on April 3, 2012 and was complete. The balance of \$(37,019.42) for the State Fiscal Year is being investigated by the Township. Problems with the conversion of the tax system from a fiscal year to a calendar year caused this negative. Because the Township is aware of it, there is no recommendation.

The following comparison is made of the number of Tax Title Liens Receivable on June 30<sup>th</sup> of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2012 TY	137
2012 SFY	121
2011 SFY	19

Recourse of all means provided by the Statutes should be taken to realize or settle Tax Title Liens through collections or foreclosures in order to return such properties to a tax paying basis.

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made and consisted of 200 verification notices summarized as follows:

<u>Type</u>	<u>Number of Items</u>
Payment of 2013 and 2012 Taxes	50
Delinquent Taxes	50
Payment of 2013 and 2012 Water and Sewer	50
Delinquent Water and Sewer	<u>50</u>
	<u>200</u>

There were no reportable items developed in our verification tests made in connection with our examination of accounts for Transition Year 2012.

### **Payment in Lieu of Taxes (PILOTS)**

During TY 2012, the Township was in receipt of a PILOT payment from Presby. Under the provisions of the New Jersey Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., any PILOT entered into after December 31, 2005 requires that the Township must remit 5% of the PILOT payment to Ocean County. The Township is investigating and any payments will be made in 2013.

### **Capital Fixed Assets**

The Township maintained a Capital Fixed Asset Report at year end, however, no assets for the newly acquired Water and Sewer Utilities Western Section were tagged or recorded. This has occurred during 2013.

### **Municipal Court**

For the audit, the August 2013 Monthly Management Report was examined and the following items were noted:

- A. Tickets Assigned but Not Issued Report indicated that twelve (12) tickets were over 181 days old. These tickets should be recalled.

It is recommended that the Monthly Management Report be reviewed by Court personnel and that the appropriate action be taken based on those findings.

### **Corrective Action Plan**

In accordance with the requirements of the Single Audit Act and regulations of the Division of Local Government Services, a Corrective Action Plan must be prepared by the Chief Financial Officer and filed with the Division within sixty days from the date the audit is received by the Governing Body.

A Corrective Action Plan was prepared with regard to the State Fiscal Year 2012 Report of Audit.

### **Status of Prior Years' Audit Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of the following, which are included in this year's recommendations:

- That the Monthly Management Report be reviewed by Court personnel and that the appropriate action be taken based on those findings.

### **Miscellaneous**

A statutory report summarizing collections of Dog License Fees and remittances of State Registration Fees was prepared by our staff and filed with the New Jersey Department of Health and the Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Individual payments of the Local School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the transition year 2012.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

One copy of this report was filed with the New Jersey Division of Local Government Services.

## RECOMMENDATION

### Municipal Court

\*That the Monthly Management Report be reviewed by Court personnel and that the appropriate action be taken based on those findings.

\*Repeated from Prior Year.

\* \* \*

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 12, 2013

