

TOWNSHIP OF GLOUCESTER

County of Camden

Report of Audit of Financial Statements

For the Year Ended December 31, 2012

TOWNSHIP OF GLOUCESTER
COUNTY OF CAMDEN

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COUNTY OF CAMDEN

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TOWNSHIP OF GLOUCESTER

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2012

INVERSO & STEWART, LLC

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Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Gloucester
County of Camden
Blackwood, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of 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 meet the requirements of the State 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 Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Gloucester, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

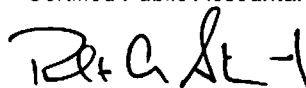
The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic 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 April 4, 2013 on our consideration of the Township of Gloucester's, in the County of Camden, State of New Jersey, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Gloucester's internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 4, 2013

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Gloucester
County of Camden
Blackwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Gloucester, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Gloucester'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Gloucester'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

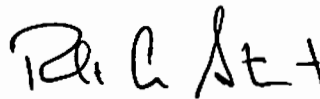
As part of obtaining reasonable assurance about whether the Township of Gloucester's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

Purpose of this Report

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 4, 2013

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis
As of December 31, 2012 and 2011

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Current Fund:			
Cash	A-4	\$ 11,806,666.13	\$ 9,624,674.87
Cash - Change Fund	A-5	<u>1,850.00</u>	<u>1,750.00</u>
Sub-total Cash		11,808,516.13	9,626,424.87
Due from State of New Jersey:			
Senior Citizens' and Veterans Deductions	A-6	<u>92,242.59</u>	<u>74,098.49</u>
		<u>11,900,758.72</u>	<u>9,700,523.36</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	386,604.16	253,103.61
Tax Title Liens Receivable	A-8	653,643.84	434,018.87
Revenue Accounts Receivable	A-9	253,446.99	165,711.06
Miscellaneous Liens Receivable		10,825.86	
Police Outside Services Receivable		6,883.23	
Due from Trust -- Animal Control Fund	B	28.19	26.95
Due from Trust - Other Funds	B		<u>4,077.17</u>
		<u>1,311,432.27</u>	<u>856,937.66</u>
Deferred Charges:			
Special Emergency Authorizations	A-11	302,000.00	640,000.00
Prepaid Special Emergency Note		36,000.00	
Expenditure Without an Appropriation	A-3		<u>199,888.48</u>
		<u>338,000.00</u>	<u>839,888.48</u>
Total Current Fund		<u>13,550,190.99</u>	<u>11,397,349.50</u>
Federal and State Grant Fund:			
Cash	A-4		127,363.92
Due from Current Fund	A	310,262.79	
Federal and State Grants Receivable	A-13	<u>766,693.38</u>	<u>811,316.15</u>
Total Federal and State Grant Fund		<u>1,076,956.17</u>	<u>938,680.07</u>
Total Assets		<u>\$ 14,627,147.16</u>	<u>\$ 12,336,029.57</u>

(Continued)

TOWNSHIP OF GLOUCESTER

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis
As of December 31, 2012 and 2011

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-10	\$ 3,276,488.44	\$ 1,641,817.56
Reserve for Encumbrances	A-3, A-10	206,518.87	92,579.32
Accounts Payable		13,873.66	
Special Emergency Note Payable	A-12	338,000.00	676,000.00
Reserve for Cost of Revaluation		37,043.55	63,066.99
Prepaid Taxes	A-4, A-7	586,847.81	604,433.40
Tax Overpayments		337,697.80	3,056.62
Due to Local School District		14,903.38	87,840.88
Due State of New Jersey:			
Marriage Licenses		2,050.00	1,950.00
State Training Fees		7,427.00	9,512.00
Due County for Added Taxes	A-7, A-4	14,747.32	23,048.91
Due Camden County Municipal Utilities Authority			1,056,940.34
Due Gloucester Township Municipal Utilities Authority		500.00	387,356.35
Due to Federal and State Grant Fund	A	310,262.79	
Due to Capital Fund	C	1,327,923.17	318,024.34
Due to Trust Other Fund	B	68,383.53	477,550.92
		<u>6,542,667.32</u>	<u>5,443,177.63</u>
Reserve for Receivables and Other Assets	A	1,311,432.27	856,937.66
Fund Balance	A-1	<u>5,696,091.40</u>	<u>5,097,234.21</u>
		<u>13,550,190.99</u>	<u>11,397,349.50</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	A-15	353,591.14	
Due to Trust Other Fund	B	10,000.00	
Reserve for Federal and State Grants:			
Unappropriated Reserves	A-14	18,358.22	13,663.35
Appropriated Reserves	A-15	695,006.81	925,016.72
Total Federal and State Grant Fund		<u>1,076,956.17</u>	<u>938,680.07</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,627,147.16</u>	<u>\$ 12,336,029.57</u>

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

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Operations and Changes in Fund Balance - Statutory Basis
For the Year Ended December 31, 2012 and 2011

<u>Revenue and Other Income Realized</u>	<u>2012</u>	<u>2011</u>
Fund Balance Utilized	\$ 3,800,000.00	\$ 2,080,558.00
Miscellaneous Revenue Anticipated	11,302,268.58	11,922,617.57
Receipts from Delinquent Taxes	163,300.22	1,473,827.87
Receipts from Current Taxes	144,872,285.53	143,113,576.15
Non-Budget Revenues	2,867,064.02	570,265.20
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,081,193.03	668,926.33
Prior Year Accounts Payable Canceled		1,106.24
Prior Year School Taxes Payable Canceled		24,492.83
Federal and State Grant Appropriated Reserves Canceled (Net)	140,438.44	
Interfund Loans Liquidated	4,077.17	
Prior Year Miscellaneous Receivables Liquidated		166,696.26
	<u>164,230,626.99</u>	<u>160,022,066.45</u>
Total Revenue and Other Income Realized		
<u>Expenditures</u>		
Budget:		
Operations Within "CAPS":		
Salaries and Wages	19,402,003.00	18,622,723.55
Other Expenses	18,482,542.00	18,214,208.45
Deferred Charges and Statutory Expenditures Within "CAPS"	4,957,248.00	4,564,628.00
Operations Excluded from "CAPS":		
Salaries and Wages	90,000.00	153,802.57
Other Expenses	840,577.34	1,341,238.99
Capital Improvements Excluded from "CAPS"	300,000.00	300,000.00
Municipal Debt Service Excluded from "CAPS"	6,762,200.19	5,409,632.48
Deferred Charges Excluded "CAPS"	338,000.00	338,000.00
Transferred to Board of Education	510,000.00	550,000.00
County Taxes	34,869,708.92	33,285,467.77
Due County for Added Taxes	14,747.32	69,592.25
Fire District Taxes	6,032,661.00	5,869,108.00
Local District School Tax	43,274,460.50	42,880,346.00
Regional High School Tax	23,033,489.59	23,201,714.96
Municipal Open Space Tax	904,839.30	906,318.00
Federal and State Grant Receivables Canceled		6,384.75
Miscellaneous Liens Receivable Created	10,825.86	
Police - Outside Services Receivable Created	6,883.23	
Refund of Prior Year Tax Overpayments	1,583.55	4,068.97
	<u>159,831,769.80</u>	<u>155,717,234.74</u>
Total Expenditures		
Statutory excess to fund balance	4,398,857.19	4,304,831.71
Fund Balance January 1,	5,097,234.21	2,872,960.50
	<u>9,496,091.40</u>	<u>7,177,792.21</u>
Total		
Decreased by - Utilized as Revenue	3,800,000.00	2,080,558.00
	<u>\$ 5,696,091.40</u>	<u>\$ 5,097,234.21</u>
Fund Balance December 31		

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

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Revenues - Statutory Basis
For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	\$ 3,800,000.00		\$ 3,800,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcohol	55,000.00		60,000.00	\$ 5,000.00
Other	20,000.00		26,158.00	6,158.00
Fees and Permits	40,000.00		52,965.50	12,965.50
Fines and Costs - Municipal Court	2,230,000.00		2,069,904.16	(160,095.84)
Interest and Costs on Taxes	200,000.00		262,264.49	62,264.49
Interest on Investments and Deposits	98,702.00		120,069.37	21,367.37
Recreation Fees	200,000.00		221,623.10	21,623.10
Tax Sale Fees	150,000.00		215,362.32	65,362.32
Payment in Lieu of Taxes for Senior Citizen				
Housing Complex	160,000.00		211,284.30	51,284.30
Municipal Pool Fees	70,000.00		93,445.00	23,445.00
Lease of Public Building	6,000.00		5,500.11	(499.89)
Tax Abatement in Lieu of Billings	1,400,000.00		1,493,449.68	93,449.68
Police Department Fees	10,000.00		12,811.70	2,811.70
Cable TV Fees	200,000.00		215,473.76	15,473.76
Consolidated Municipal Property Tax Relief Act	833,017.00		833,017.00	
Energy Receipts Tax	4,273,442.00		4,273,442.00	
Construction Code Fees	425,000.00		390,014.75	(34,985.25)
State and Federal Revenues Offset with Appropriations:				
Drunk Driving Enforcement Fund		\$ 15,443.34	15,443.34	
Clean Communities Program		93,452.04	93,452.04	
Body Armor Grant	9,787.62		9,787.62	
Over the Limit Under Arrest	5,000.00		5,000.00	
Safe and Secure Communities	79,513.00	10,487.00	90,000.00	
Justice Assistance Grant		23,976.00	23,976.00	
Exercise Improvement Grant		14,886.34	14,886.34	
Bullet Proof Vest Program	4,680.00	14,700.00	19,380.00	
NJ Transportation Grant		412,600.00	412,600.00	
Drive Sober or Get Pulled Over		4,400.00	4,400.00	
Emergency Management Grant		5,000.00	5,000.00	
Sustainable Jersey Grant		10,000.00	10,000.00	
Municipal Alliance Grant		41,558.00	41,558.00	
Total Miscellaneous Revenues	10,470,141.62	646,502.72	11,302,268.58	185,624.24
Receipts from Delinquent Taxes			163,300.22	163,300.22
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	37,346,064.00		37,223,198.90	(122,865.10)
Budget Totals	51,616,205.62	646,502.72	52,488,767.70	226,059.36
Non-Budget Revenues			2,867,064.02	2,867,064.02
Grand Total	\$ 51,616,205.62	\$ 646,502.72	\$ 55,355,831.72	\$ 3,093,123.38

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Revenues - Statutory Basis
For the Year Ended December 31, 2012**Analysis of Realized Revenue**

Allocation of Current Tax Collections:

Revenue from Collections	\$ 144,872,285.53
Allocated to:	
Local School, Regional School, Special District and County Taxes	<u>108,129,906.63</u>
Sub-Total	36,742,378.90
Add: Appropriation "Reserve for Uncollected Taxes"	<u>480,820.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 37,223,198.90</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 27,817.32
Tax Title Lien Collections	<u>135,482.90</u>
	<u>\$ 163,300.22</u>

Licenses -- Other:

Mercantile	\$ 8,425.00
Board of Health/Marriage	978.00
Amusement	700.00
Used Car Lot	2,340.00
Landlord Registration	5,690.00
Peddler	1,100.00
Raffle/Bingo	6,350.00
Taxi	400.00
Service Station	<u>175.00</u>
	<u>\$ 26,158.00</u>

Fees and Permits:

Burial Permits	\$ 1,580.00
Seasonal Permits	1,080.00
Gun Permits	3,330.00
Alarm Permits	135.00
Sub-Division Fees	14,605.00
Towing Contract Fees	900.00
Encroachment Permit Fees	15,630.00
Variance Fees	15,015.50
Clerk Search	60.00
Tax Searches	<u>630.00</u>
	<u>\$ 52,965.50</u>

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

**Statement of Revenues - Statutory Basis
For the Year Ended December 31, 2012**

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

Sale of Township Property	\$ 1,800,000.00
Sale of Used Equipment	38,205.16
Fuel Reimbursement	231,585.08
Revenue Sharing	137,218.86
FEMA Reimbursements	58,581.17
Close Out Old Accounts	371,730.41
Insurance Refunds	84,362.53
Energy Savings Improvement Program	46,674.82
Ordinance, Books & Maps	1,124.00
Community Development Advertising Fees	3,000.00
Pool Snack Bar	11,545.15
Photocopies	7,472.38
Tax Fees	150.00
Cancel Prior Year Outstanding Checks	1,011.82
Cell Tower	31,081.55
Gazebo Rental	9,600.00
Senior Citizen and Veteran Administrative Fee	13,470.00
Miscellaneous	20,251.09
	<hr/>
	<u>\$ 2,867,064.02</u>

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

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
<i>Operations Within "CAPS":</i>						
GENERAL GOVERNMENT						
Administrative and Executive:						
Office of Township Administrator						
Salaries and Wages	\$ 146,432.00	\$ 146,432.00	\$ 145,852.45		\$ 579.55	
Other Expenses	1,325.00	1,825.00	1,711.15	\$ 90.00	23.85	
Office of Administrative Support Services:						
Salaries and Wages	127,225.00	127,225.00	85,611.05		41,613.95	
Other Expenses	23,340.00	23,340.00	18,864.10	4,467.69	8.21	
Office of Grants Administration:						
Other Expenses	300.00	400.00	334.38	30.28	35.34	
Office of Human Resources:						
Salaries and Wages	149,066.00	149,066.00	90,446.95		58,619.05	
Other Expenses	38,500.00	40,500.00	37,546.03	2,459.71	494.26	
Office of Mayor:						
Salaries and Wages	103,488.00	103,488.00	99,970.68		3,517.32	
Other Expenses	4,140.00	4,140.00	3,143.62		996.38	
Office of Township Council:						
Salaries and Wages	55,935.00	55,935.00	55,935.00			
Other Expenses	4,425.00	4,925.00	4,629.39		295.61	
Office of Public Information:						
Other Expenses	17,200.00	17,800.00	17,715.50		84.50	
Office of Township Clerk:						
Salaries and Wages	131,289.00	131,289.00	125,719.08		5,569.92	
Other Expenses	41,325.00	41,325.00	37,073.27	102.00	4,149.73	
Office of Treasury:						
Salaries and Wages	126,009.00	126,009.00	125,369.66		639.34	
Other Expenses	19,350.00	25,850.00	25,538.79		311.21	
Audit Services:						
Other Expenses	60,000.00	60,000.00	60,000.00			
Office of Data Processing:						
Salaries and Wages	24,486.00	27,586.00	27,518.31		67.69	
Other Expenses	137,325.00	137,325.00	95,816.12		41,508.88	
Office of Tax Collector:						
Salaries and Wages	224,660.00	233,660.00	233,655.75		4.25	
Other Expenses	92,850.00	92,850.00	19,330.95	21,697.18	51,821.87	
Office of Tax Assessment:						
Salaries and Wages	167,068.00	167,068.00	156,847.72		10,220.28	
Other Expenses	15,550.00	15,550.00	13,629.13		1,920.87	
Office of Township Attorney:						
Salaries and Wages	98,715.00	98,715.00	98,684.93		30.07	
Other Expenses	30,500.00	30,500.00	23,662.49	3,909.00	2,928.51	

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
GENERAL APPROPRIATIONS (CONT'D):						
Operations Within "CAPS" (Cont'd):						
GENERAL GOVERNMENT						
Administrative and Executive:						
Office of Township Engineer:						
Other Expenses	\$ 25,000.00	\$ 53,000.00	\$ 52,173.76		\$ 826.24	
Rent Stabilization Board:						
Other Expenses	175.00	175.00	0.65		174.35	
Office of Community Development:						
Salaries and Wages	163,846.00	163,846.00	152,786.43		11,059.57	
Other Expenses	19,000.00	19,000.00	5,796.59	\$ 667.22	12,536.19	
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,045.00	8,045.00	7,211.82	416.00	417.18	
Other Expenses	55,100.00	55,100.00	2,132.59		52,967.41	
Zoning Board of Adjustments:						
Salaries and Wages	8,045.00	8,045.00	6,955.83		1,089.17	
Other Expenses	58,350.00	58,350.00	9,070.76		49,279.24	
Office of Zoning:						
Salaries and Wages	42,545.00	42,545.00	41,367.52		1,177.48	
Insurance:						
Liability Insurance	425,000.00	451,000.00	445,453.28	5,110.20	436.52	
Workman's Compensation	326,000.00	396,000.00	393,655.21		2,344.79	
Employee Group Insurance	7,591,459.00	6,876,659.00	6,312,065.31	100.00	564,493.69	
Health Benefit Waiver	150,000.00					
Unemployment Insurance	20,000.00	20,000.00	14,846.64		5,153.36	
Public Safety:						
Police Department:						
Salaries and Wages	11,604,519.00	11,738,019.00	11,665,623.26		72,395.74	
Other Expenses	699,178.00	704,178.00	416,578.07	65,642.83	221,957.10	
Police Communications:						
Salaries and Wages	623,283.00	636,283.00	636,099.56		183.44	
Other Expenses	125,807.00	125,807.00	98,243.01	9,020.80	18,543.19	
Office of Prosecutor:						
Salaries and Wages	43,131.00	43,131.00	43,129.96		1.04	
Public Works:						
Office of Director:						
Salaries and Wages	121,599.00	130,599.00	130,573.63		25.37	
Other Expenses	117,925.00	117,925.00	64,930.49	3,452.54	49,541.97	

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended			Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS (CONT'D):						
<i>Operations Within "CAPS" (Cont'd):</i>						
Public Works:						
Streets and Road Maintenance:						
Salaries and Wages	\$ 1,311,931.00	\$ 1,492,931.00	\$ 1,491,750.54	\$ 735.00	\$ 445.46	
Other Expenses	733,650.00	733,650.00	181,502.58	4,069.04	548,078.38	
Sanitation:						
Contractual	3,289,091.00	3,289,091.00	2,677,729.92		611,361.08	
Public Buildings and Grounds:						
Salaries and Wages	470,575.00	597,575.00	597,316.11		258.89	
Other Expenses	111,000.00	121,000.00	114,190.58	6,537.05	272.37	
Other Public Works Functions:						
Other Expenses	570,000.00	570,000.00	523,535.00		46,465.00	
Vehicle Maintenance:						
Salaries and Wages	290,318.00	302,418.00	301,947.58		470.42	
Other Expenses	249,500.00	249,500.00	122,827.12	28,392.60	98,280.28	
Health and Human Services:						
Office of Community Services and Information:						
Salaries and Wages	50,259.00	50,259.00	48,217.35		2,041.65	
Other Expenses	775.00	775.00	440.80		334.20	
Board of Health:						
Salaries and Wages	5,294.00	5,294.00	3,771.00		1,523.00	
Other Expenses	1,750.00	1,750.00	771.07		978.93	
Animal Control:						
Other Expenses	10,000.00	27,000.00	27,000.00			
Parks and Recreation:						
Office of Director:						
Salaries and Wages	426,390.00	456,490.00	423,519.01		32,970.99	
Other Expenses	16,960.00	31,960.00	31,896.63		63.37	
Office of Community Activities:						
Other Expenses	13,350.00	13,350.00	11,622.38	390.56	1,337.06	
Municipal Pool:						
Salaries and Wages	65,000.00	66,100.00	66,002.07		97.93	
Other Expenses	17,750.00	17,750.00	14,756.81		2,993.19	
Maintenance of Parks and Playgrounds:						
Salaries and Wages	987,954.00	1,009,954.00	1,009,457.49		496.51	
Other Expenses	94,100.00	94,100.00	87,175.02	1,692.84	5,232.14	
Other Common Operating Functions:						
Office of Senior Citizens:						
Salaries and Wages	53,991.00	53,991.00	38,116.15		15,874.85	
Other Expenses	4,150.00	4,350.00	4,350.00			
Utility Expenses						
Electricity	346,500.00	346,500.00	288,862.04		57,637.96	
Street Lights	790,000.00	790,000.00	734,312.55		55,687.45	
Telephone	197,100.00	197,100.00	177,880.18		19,219.82	
Water	79,000.00	109,000.00	101,051.51		7,948.49	

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
GENERAL APPROPRIATIONS (CONT'D):						
<i>Operations Within "CAPS" (Cont'd):</i>						
Utility Expenses						
Natural Gas	\$ 81,300.00	\$ 81,300.00	\$ 46,684.18		\$ 34,615.82	
Sewerage	8,282.00	10,282.00	9,044.80	\$ 1,197.75	39.45	
Gasoline	650,000.00	720,000.00	673,452.38	38,563.75	7,983.87	
Landfill Disposal Costs:						
Other Expenses	1,600,000.00	1,600,000.00	1,394,048.33		205,951.67	
Municipal Court:						
Salaries and Wages	451,652.00	470,152.00	470,071.42		80.58	
Other Expenses	58,060.00	68,060.00	59,370.06	7,739.86	950.08	
Construction Code Enforcement:						
Salaries and Wages	388,687.00	388,687.00	355,124.36		33,562.64	
Other Expenses	20,500.00	32,500.00	31,274.02	34.97	1,191.01	
Unclassified:						
Compensated Absences Leave	371,166.00	371,166.00	222,751.66		148,414.34	
Total Operations Including Contingent - Within "CAPS"	37,884,545.00	37,884,545.00	34,445,123.57	206,518.87	3,232,902.56	-
Detail:						
Salaries and Wages	18,842,603.00	19,402,003.00	18,957,404.33	1,151.00	443,447.67	
Other Expenses	19,041,942.00	18,482,542.00	15,487,719.24	205,367.87	2,789,454.89	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
DEFERRED CHARGES:						
Expenditure without an Appropriation	199,889.00	199,889.00	199,889.00			
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	763,905.00	763,905.00	763,905.00			
Social Security System (O.A.S.I.)	1,500,000.00	1,500,000.00	1,476,109.37		23,890.63	
Police and Firemen's Retirement System	2,493,454.00	2,493,454.00	2,493,454.00			
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	4,957,248.00	4,957,248.00	4,933,357.37		23,890.63	
Total General Appropriations - For Municipal Purposes Within "CAPS"	42,841,793.00	42,841,793.00	39,378,480.94	206,518.87	3,256,793.19	

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended			Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Excluded from "CAPS":						
Stormwater Management Permits	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00			
Insurance - Employees Group Insurance	69,556.00	69,556.00	69,556.00			
Sanitation - Recycling Tax Appropriations	85,000.00	85,000.00	65,304.75		\$ 19,695.25	
Supplemental Fire Services Program	21,538.00	21,538.00	21,538.00			
State and Federal Programs Offset By Revenues:						
Body Armor Grant	9,787.62	9,787.62	9,787.62			
Safe and Secure Communities (NJSA 40A:4-87)	79,513.00	90,000.00	90,000.00			
Justice Assistance Grant (NJSA 40A:4-87)		23,976.00	23,976.00			
Bullet Proof Vest Program (NJSA 40A:4-87)	4,680.00	19,380.00	19,380.00			
NJ Transportation Trust Fund (NJSA40A:4-87)		412,600.00	412,600.00			
Emergency Management (NJSA 40A:4-87)		5,000.00	5,000.00			
Clean Communities Grant (NJSA 40A:4-87)		93,452.04	93,452.04			
Drunk Driving Enforcement Grant (NJSA 40A:4-87)		15,443.34	15,443.34			
Drive Sober or Get Pulled Over	5,000.00	9,400.00	9,400.00			
Municipal Alliance (NJSA 40A:4-87)		41,558.00	41,558.00			
Exercise Improvement Grant (NJSA 40A:4-87)		14,886.34	14,886.34			
Sustainable Jersey Grant (NJSA 40A:4-87)		10,000.00	10,000.00			
Total Operations - Excluded From "CAPS"	284,074.62	930,577.34	910,882.09		19,695.25	
Detail:						
Salaries and Wages	84,513.00	90,000.00	90,000.00			
Other Expenses	199,561.62	840,577.34	820,882.09		19,695.25	
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	300,000.00	300,000.00	300,000.00			
Total Capital Improvements - Excluded from "CAPS"	300,000.00	300,000.00	300,000.00			
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	5,245,000.00	5,245,000.00	5,245,000.00			
Interest on Bonds	1,398,222.00	1,398,222.00	1,298,905.49			\$ 99,316.51
Interest on Notes	59,526.00	59,526.00	59,525.91			0.09
Green Trust Loan Program:						
Principal	123,963.00	123,963.00	123,962.63			0.37
Interest	34,807.00	34,807.00	34,806.16			0.84
Total Municipal Debt Service - Excluded from "CAPS"	6,861,518.00	6,861,518.00	6,762,200.19			99,317.81
Deferred Charges - Excluded from "CAPS"						
Special Emergency Authorization (NJSA 40A:4-55)	338,000.00	338,000.00	338,000.00			
Total Deferred Charges - Excluded from "CAPS"	338,000.00	338,000.00	338,000.00			

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Expenditures - Statutory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Transferred to Board of Education for use of Local Schools (NJSA 40:48-17.1 & 17.3)	\$ 510,000.00	\$ 510,000.00	\$ 510,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>8,293,592.62</u>	<u>8,940,095.34</u>	<u>8,821,082.28</u>		\$ 19,695.25	\$ 99,317.81
Subtotal General Appropriations	51,135,385.62	51,781,888.34	48,199,563.22	\$ 206,518.87	3,276,488.44	99,317.81
Reserve for Uncollected Taxes	<u>480,820.00</u>	<u>480,820.00</u>	<u>480,820.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 51,616,205.62</u>	<u>\$ 52,262,708.34</u>	<u>\$ 48,680,383.22</u>	<u>\$ 206,518.87</u>	<u>\$ 3,276,488.44</u>	<u>\$ 99,317.81</u>
Appropriation by 40A:4-87 Budget		\$ 646,502.72 <u>51,616,205.62</u>				
		<u>\$ 52,262,708.34</u>				
<u>Detail of Paid or Charged</u>						
Reserve for Federal and State Grants – Appropriated				\$ 745,483.31		
Deferred Charges - Overexpenditure of Budget Appropriation				199,889.00		
Deferred Charges - Special Emergency				338,000.00		
Reserve for Uncollected Taxes				480,820.00		
Disbursed				<u>46,916,190.91</u>		
			Total	<u>\$ 48,680,383.22</u>		

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

TOWNSHIP OF GLOUCESTER

EXHIBIT B

TRUST FUND

Statement of Assets, Liabilities and Reserves - Statutory Basis
As of December 31, 2012 and 2011

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
Animal Control Fund:			
Cash	B-1	\$ 568.61	\$ 14,589.51
Other Funds:			
Cash		3,758,794.57	3,574,431.40
Change Fund		100.00	100.00
Total Cash	B-2	3,758,894.57	3,574,531.40
Accounts Receivable:			
Due from Current Fund	A	68,383.53	477,550.92
Due from Federal and State Grant Fund	A	10,000.00	
Due from School Bus GPS System		23,333.81	6,891.52
Due from Gloucester Twp. MUA		12,064.30	12,064.30
Rehabilitation Mortgages Receivable		905,471.46	905,471.46
Metro Cities Receivable		290,490.74	548,828.74
Camden County Home Consortium Program Receivable		90,938.00	120,162.00
Total Accounts Receivable	B-2	1,400,681.84	2,070,968.94
Total Other Funds		5,159,576.41	5,645,500.34
Total		\$ 5,160,145.02	\$ 5,660,089.85
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	B-3, A	\$ 28.19	\$ 26.95
Due to State of New Jersey	B-4	18.00	
Reserve for Animal Control Fund Expenditures	B-5	522.42	14,562.56
Total Animal Control Fund		568.61	14,589.51
Other Funds:			
Due to Current Fund	A		4,077.17
Contracts Payable		4,383.70	4,383.70
Miscellaneous Reserves		5,155,192.71	5,637,039.47
Total Other Funds	B-2	5,159,576.41	5,645,500.34
Total		\$ 5,160,145.02	\$ 5,660,089.85

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

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis
As of December 31, 2012 and 2011

<u>ASSETS</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash - Treasurer	C-2	\$ 4,225,914.22	\$ 4,199,594.27
Due from NJ Environmental Trust Fund	C-3	2,017,186.00	
Due from Current Fund	C-4, A	1,327,923.17	318,024.34
Deferred Charges to Future Taxation:			
Funded	C-5	41,557,367.52	42,822,144.15
Unfunded	C-6	19,506,539.00	8,246,192.00
		<u>\$ 68,634,929.91</u>	<u>\$ 55,585,954.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-10	\$ 37,893,000.00	\$ 41,051,000.00
Bond Anticipation Notes Payable	C-8	9,105,000.00	4,388,914.00
Green Acres Loan Payable	C-11	1,647,181.52	1,771,144.15
NJ Environmental Infrastructure Trust Loan Payable	C-12	2,017,186.00	
Encumbrances Payable	C-7	2,869,148.27	2,506,573.98
Improvement Authorizations:			
Funded	C-7	1,755,303.83	1,707,791.21
Unfunded	C-7	12,122,567.01	2,862,383.16
Reserve for Payment of Debt	C-3	40,360.79	79,986.77
Capital Improvement Fund	C-9	44,052.69	0.69
Fund Balance	C-1	1,141,129.80	1,218,160.80
Total		<u>\$ 68,634,929.91</u>	<u>\$ 55,585,954.76</u>

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

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

**Statement of Operations and Changes in Fund Balance - Statutory Basis
For the Year Ended December 31, 2012**

Balance December 31, 2011	\$ 1,218,160.80
Increased by:	
Fully Funded Improvement Authorizations Canceled	<u>200,000.00</u>
	1,418,160.80
Decreased by:	
Appropriated to Current Fund as Budget Revenue	<u>277,031.00</u>
Balance December 31, 2012	<u>\$ 1,141,129.80</u>

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

TOWNSHIP OF GLOUCESTER

GENERAL FIXED ASSET ACCOUNT GROUP

Statement of General Fixed Assets Group of Accounts
For the Year Ending December 31, 2012

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2012</u>
General Fixed Assets:				
Buildings and building Improvements	\$ 6,664,566.00			\$ 6,664,566.00
Machinery and Equipment	5,923,831.00	\$ 2,337,604.00		8,261,435.00
Vehicles	6,189,764.00	863,957.48		7,053,721.48
Land	6,366,275.00		\$ 1,800,000.00	4,566,275.00
Land Improvements	6,668,425.00			6,668,425.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fixed Assets	<u>\$ 31,812,861.00</u>	<u>\$ 3,201,561.48</u>	<u>\$ 1,800,000.00</u>	<u>\$ 33,214,422.48</u>
Total Investment in General Fixed Assets	<u>\$ 31,812,861.00</u>	<u>\$ 3,201,561.48</u>	<u>\$ 1,800,000.00</u>	<u>\$ 33,214,422.48</u>

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

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

Description of Financial Reporting Entity - The Township of Gloucester (hereafter referred to as the "Township") is located in the southwestern portion of the County of Camden, State of New Jersey. The present population according to the 2010 census is 64,700.

The Township was incorporated in 1695 and is governed by a Mayor and seven-member Township Council form of government. The Mayor is elected for a four-year term and serves as the full-time Chief Executive Officer of the Township. Members of the Township Council are elected to four-year terms on a staggered basis and function as the legislative body of the Township. The Township Administrator and the Township Clerk are appointed by the Mayor and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Change of Year – Pursuant to N.J.S.A. 40A:4-3.1 the Township adopted an ordinance dated March 22, 2010 converting it's accounting period from a fiscal year (July 1, to June 30) to a calendar beginning with the calendar year 2011. In order to accomplish this conversion a transition period for budgetary and accounting purposes was created for the six month period July, 1 to December 31, 2010. This conversion has been approved by the State of New Jersey, Local Finance Board, Department of Community Affairs.

Component Unit – The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Gloucester Township Municipal Utilities Authority
71 Landing Road, PO Box 216
Blackwood, New Jersey, 08012

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

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

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

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

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

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

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Budgets and Budgetary Accounting (Cont'd) - An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

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

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

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

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Fund until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

General Fixed Assets (Cont'd) - The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

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

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Township until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the Gloucester Township School District, the Black Horse Pike Regional High School District, the six Gloucester Township Fire Districts and the County of Camden. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Gloucester Township School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate both school districts for the period from January 1 to December 31, 2012.

County Taxes - The Township is responsible for levying, collecting and remitting county taxes for the County of Camden. Operations is charged for the amount due the County for the period from January 1 to December 31, 2012, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The Township is responsible for levying, collecting and remitting fire district taxes for the six fire districts located in Gloucester Township. Operations is charged for the full amount required to be raised by taxation to support all fire districts for the year.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

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

Interest on Delinquent Taxes – It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data – Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the Township's deposits may not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2012, the Township's bank balances of \$27,232,677.28 were exposed to custodial credit risk as follows:

F.D.I.C. Insured	\$	750,000.00
Collateralized Under GUDPA		25,573,859.64
Uninsured and Uncollateralized		908,817.64
 Balance June 30, 2012	 \$	 <u><u>27,232,677.28</u></u>

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 2. CASH AND CASH EQUIVALENTS (CONT'D)

New Jersey Cash Management Fund – During the fiscal year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial risk as defined above. At December 31, 2012, the Township's deposits with the New Jersey Cash Management Fund were \$311,649.48.

NOTE 3. PROPERTY TAXES

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

<u>Comparative Schedule of Tax Rates</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Tax Rate	<u>\$ 3.846</u>	<u>\$ 3.766</u>	<u>\$ 3.698</u>	<u>\$ 6.536</u>	<u>\$ 6.263</u>
Apportionment of Tax Rate:					
Municipal	0.825	0.824	0.867	\$ 1.428	\$ 1.096
Municipal - Open Space	0.020	0.019	0.020	0.020	0.020
County	0.772	0.731	0.682	1.239	1.257
Local School	0.956	0.947	0.922	1.667	1.667
Regional High School	0.509	0.511	0.499	0.888	0.888
Fire Districts	0.764	0.734	0.708	1.294	1.294

Assessed Valuation

2012	\$ 4,524,196,500
2011	4,531,597,460
2010	4,535,602,750 R
2009	2,452,313,140
2008	2,445,316,031

R - Reassessment Year

Comparison of Tax Levies and Collections

<u>Period Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
Dec. 31, 2012	\$ 145,548,762	\$ 144,872,286	99.54%
Dec. 31, 2011	143,593,492	143,113,576	99.67%
Dec. 31, 2010	71,035,074	69,437,008	97.75%
June 30, 2010	136,906,690	136,524,059	99.72%
June 30, 2009	130,408,167	130,261,119	99.89%

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 3. PROPERTY TAXES (CONT'D)

Delinquent Taxes and Tax Title Liens

<u>Period Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
Dec. 31, 2012	\$ 653,644	\$ 386,604	\$ 1,040,248	0.71%
Dec. 31, 2011	434,019	403,039	837,058	0.58%
Dec. 31, 2010	205,968	1,558,008	1,763,976	2.48%
June 30, 2010	157,687	174,690	332,377	0.24%
June 30, 2009	121,632	214,773	336,405	0.26%

The following comparison is made of the number of tax title liens outstanding on December 31, of the current year and four previous periods.

<u>Period Ended</u>	<u>Number</u>
Dec. 31, 2012	242
Dec. 31, 2011	177
Dec. 31, 2010	69
June 30, 2010	69
June 30, 2009	91

NOTE 4. FUND BALANCES APPROPRIATED

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

<u>Period Ended</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Dec. 31, 2012	\$ 5,696,091	\$ 5,200,000	91.29%
Dec. 31, 2011	5,097,234	3,800,000	74.55%
Dec. 31, 2010	2,886,624	2,080,558	72.08%
June 30, 2010	244,668	191,196	78.15%
June 30, 2009	-	-	0.00%

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2012:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 28.19	\$ 1,706,569.49
Federal and State Grant Fund	310,262.79	10,000.00
Trust Fund:		
Animal Control Fund		28.19
Other Trust Funds	78,383.53	
General Capital Fund	<u>1,327,923.17</u>	
	<u>\$ 1,716,597.68</u>	<u>\$ 1,716,597.68</u>

NOTE 6. PENSION PLANS

Substantially all of the Township's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 6. PENSION PLANS (CONT'D)

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below:

	2012		2011		2010	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 222,350	\$ 1,068,538	\$ 238,991	\$ 1,277,633	\$ 208,661	\$ 1,169,026
Accrued Liability	444,701	1,202,556	380,816	1,024,455	268,105	832,852
Total Regular Pension Cont.	667,051	2,271,094	619,807	2,302,088	476,766	2,001,878
Non-Contributory Group						
Life Insurance	42,499	83,187	47,074	100,134	66,116	101,776
Chapter 19, PL 2009	33,009	139,173				
Total Due	\$ 742,559	\$ 2,493,454	\$ 666,881	\$ 2,402,222	\$ 542,882	\$ 2,103,654

Pension Deferral – Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pensions to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The payments were due on April 1, 2009 (with a grace period until April 30).

The amount of the deferral will be repaid starting in April of 2012 over a 15 year period. The amount will fluctuate based on pension system investment earnings on the deferred amount.

The Township applied for and received approval from the Local Finance Board to defer a portion of the 2009 liability due for both PERS and PFRS.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Township's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Township's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year Ended</u>	<u>Total Liability</u>	<u>Employee Contribution</u>	<u>Paid by Township</u>
2012	\$ 25	\$ 15	\$ 10
2011	-		
2010	-		

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 6. PENSION PLANS (CONT'D)

Early Retirement Incentive Program - Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These Programs which were subject to the approval of the Township's governing body (within a limited period of time) were available to employees who met certain minimum requirements. The governing body of the Township approved the 1991 Program for eligible members of the PERS. Since no accrual has been made for the additional costs related to this Program, the Township will fund such costs in an annual budget appropriation on a pay-as-you-go basis. The required annual installment of the accrued liability, as calculated by the Division of Pensions and Benefits, for the 1991 Program in 2012 was \$21,346. The last installment is due on April 1, 2022.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Township.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS

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

Plan Description – The Township provides certain medical and prescription drug benefits for retired employees, where such benefits are established and amended by various union contracts, separate employee agreements and Township policies.

The Township provides for 100% payment of retired employees health, dental and prescription coverage until the retiree is eligible for Medicare benefits at age 65. The Township also pays the entire Medicare Part B premium for retirees who purchase Medicare Part B and their beneficiaries. The retired employee has a choice of benefit plans based on union contracts. The plans are administered by the Township; therefore, premium payments are made directly by the Township to the insurance carriers. The Plan does not issue a separate financial report.

Funding Policy – Employees become eligible for retirement benefits based on having twenty-five years of service in either the State of New Jersey Public Employees Retirement System or the Police Firemen's Retirement System. The Township contributes 100% of the cost of the benefits for employees with 25 or more years of service; however, retirees with less than 25 years of service have to pay 100% of the self-insured premium to continue coverage.

Annual OPEB Cost and Net OPEB Obligation –The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation to the Plan:

	<u>2012</u>	<u>2011</u>
Annual Required Contribution (ARC)	\$ 14,642,772	\$ 7,421,061
Interest on Net OPEB Obligation	403,573	203,088
Adjustment to the ARC	<u>(582,202)</u>	<u>(287,448)</u>
Annual OPEB Cost	14,464,143	7,336,701
Pay as You Go Cost (Existing Retirees)	<u>4,341,047</u>	<u>2,324,592</u>
Increase in the Net OPEB Obligation	10,123,096	5,012,109
Net OPEB Obligation, January 1,	<u>10,089,315</u>	<u>5,077,206</u>
 Net OPEB Obligation, December 31,	 <u>\$ 20,212,411</u>	 <u>\$ 10,089,315</u>

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Funding Status and Funding Progress – As of December 31, 2012, the most recent actuarial valuation date, the Township's Plan was 0% funded. The actuarial accrued liability for benefits was \$195,565,950, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$195,565,950. The covered payroll (annual payroll of active employees covered by the plan) was \$19,155,930, and the ratio of the UAAL to the covered payroll was 1022.92%. Actuarial valuations of any ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented later in this footnote, as required supplementary information, compares the assets used for funding purposes to the comparable liabilities to determine how well the Township Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the Township Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

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

In the December 31, 2012 actuarial valuation, the Projected Unit Credit Funding Method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 12.0% in 2010, reducing by 1.2% per annum, leveling at 5.2% per annum in 2080. Both rates include a 3.2% salary inflation assumption. The actuarial value of the Township Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a four year period. The Township Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at December 31, 2011 was twenty-eight years on a straight line basis.

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ -	\$ 94,880,420	\$ 94,880,420	0%	\$ 24,545,183	386.55%
12/31/11	-	96,714,508	96,714,508	0%	19,248,457	502.45%
12/31/12	-	195,565,950	195,565,950	0%	19,155,930	1020.92%

**Schedule of Funding Progress for Township Plan
Schedule of Employer Contributions**

Year Ended December 31,	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2010	\$ 7,152,734	29%
2011	7,421,061	31%
2012	14,642,772	30%

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 8. COMPENSATED ABSENCES

Full-time Township employees are granted vacation and sick leave in varying amounts in accordance with the Township's personnel policies and collective bargaining agreements. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year. Employees who retire from the Township shall be paid for unused sick leave and vacation days in accordance with the Township's agreement or personnel policy.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2012, accrued benefits for compensated absences are valued at \$5,855,351.43. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriation of the Current Fund budget. The balance in the Trust Fund as of December 31, 2012 is \$54,817.61.

NOTE 9. DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employee's one deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which has been approved by the Director of the Division of Local Government Services. The plan, which is administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to participants until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investments

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the plan, the balances and activities of the plan are not reported in the Township's financial statements.

NOTE 10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Commercial Insurance Coverage - The Township maintains commercial insurance coverage for property and general liability, health benefits, boiler and machinery, surety bonds, crime, public officials' liability, and excess liability coverage for workers compensation and disability benefits.

Self- Insurance Plan - The Township is self-insured for the following:

Workers Compensation - Self-insured up to \$250,000 per incident with an aggregate of \$500,000. A commercial policy is maintained for claims in excess of \$250,000 per occurrence. The Gloucester Township Municipal Utilities Authority is also covered under this policy and reimburses the Township for claims applicable to their employees. The Trust Fund balance for the Reserve for Workers Compensation as of December 31, 2012 is \$36,887.18. No estimate of the required reserve for claims has been made.

Temporary Disability Insurance - This program is a mirror image of the State of New Jersey Temporary Disability Insurance Plan, whereby an employee who becomes temporarily disabled within fourteen (14) days of their last day of work is covered. Each employee must contribute 1/2 of a percent on the first \$20,200 of covered wages up to a maximum of \$101.00. The Township is required to contribute at a variable rate. The Trust Fund balance for the Reserve for Disability Insurance as of December 31, 2012 is \$53,882.15. No estimate of the required reserve for claims has been made.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 11. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 40,000	\$ 6,959	\$ 43,327	\$ 7,013
2011	-	3,209	17,541	2,287
2010	5,221	37,402	54,742	16,619

NOTE 12. CAPITAL DEBT

Summary of Municipal Debt

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued:</u>			
General Bonds	\$ 37,893,000	\$ 41,051,000	\$ 34,921,000
Notes	9,105,000	4,388,914	6,685,152
Loans	3,664,368	1,771,144	1,895,486
Total Issued	<u>50,662,368</u>	<u>47,211,058</u>	<u>43,501,638</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	<u>10,401,539</u>	<u>3,857,278</u>	<u>3,339,053</u>
Net Debt	<u>\$ 61,063,907</u>	<u>\$ 51,068,336</u>	<u>\$ 46,840,691</u>

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2012 consisted of the following issues:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds of 2010	2/1/2014	2.50%	\$ 3,805,000
Refunding Bonds of 2009	2/1/2014	4.00%	2,685,000
General Bonds of 2007	12/1/2020	3.75 - 3.80%	4,300,000
General Bonds of 2011	2/1/2022	2.00 - 4.00%	9,450,000
CCIA Refunding Bonds of 2011	4/1/2022	3.00 - 5.00%	3,215,000
General Bonds of 2003	2/1/2013	3.85%	435,000
Refunding Bonds of 2012	2/1/2018	2.00%	5,540,000
General Bonds of 2005	7/15/2023	3.75 - 4.00%	6,478,000
General Bonds of 2012	11/15/2026	2.00 - 3.50%	1,985,000
Total			<u>\$ 37,893,000</u>

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 12. CAPITAL DEBT (CONT'D)

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 1.373%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 20,131,799	\$ 20,131,799	
Sewer Utility Debt	21,372,000	21,372,000	
General Debt	61,063,907		\$ 61,063,907
 Total	 \$ 102,567,706	 \$ 41,503,799	 \$ 61,063,907

Net Debt, \$61,063,907 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$4,447,111,798 equals 1.373%.

Equalized Valuation Basis:

2010	\$ 4,607,787,177
2011	4,478,244,107
2012	4,255,304,110
 Average	 \$ 4,447,111,798

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 155,648,913
Net Debt	61,063,907
 Remaining Borrowing Power	 \$ 94,585,006

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

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

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 5,590,000	\$ 1,150,656	\$ 6,740,656
2014	5,760,000	978,195	6,738,195
2015	3,585,000	845,683	4,430,683
2016	3,695,000	748,070	4,443,070
2017	3,795,000	637,970	4,432,970
2018-22	14,020,000	1,578,737	15,598,737
2023-26	1,448,000	87,958	1,535,958
Total	\$ 37,893,000	\$ 6,027,269	\$ 43,920,269

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 12. CAPITAL DEBT (CONT'D)

Green Trust Loan Payable

The Township has received \$2,459,899 in eight separate loan proceeds from the State of New Jersey Green Trust Loan Program. All loans have a stated interest rate of 2.00% with a final maturity on April 18, 2028. The repayment schedule of this debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 126,454	\$ 32,315	\$ 158,769
2014	128,996	29,773	158,769
2015	131,589	27,180	158,769
2016	134,234	24,541	158,775
2017	132,268	21,837	154,105
2018-22	654,274	61,124	715,398
2023-27	327,053	23,867	350,920
2028	12,314	123	12,437
Total	\$ 1,647,182	\$ 220,760	\$ 1,867,942

New Jersey Environmental Infrastructure Trust Loan Payable

The Township has received \$2,017,186 in loan proceeds from the State of New Jersey Environmental Infrastructure Trust Loan Program. The loan has an interest rate that varies from 2.00% to 5.00% with a maturity date of September 1, 2031. The repayment schedule of this debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 100,776	\$ 17,623	\$ 118,399
2014	100,788	17,311	118,099
2015	100,809	16,841	117,650
2016	100,837	16,213	117,050
2017	100,870	15,430	116,300
2018-22	515,299	64,701	580,000
2023-27	543,107	38,143	581,250
2028-31	454,700	10,888	465,588
Total	\$ 2,017,186	\$ 197,150	\$ 2,214,336

Bond Anticipation Notes Payable

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 12. CAPITAL DEBT (CONT'D)

Bond Anticipation Notes Payable (Cont'd)

As of December 31, 2012, the Township had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	<u>\$ 9,105,000</u>	1.50%	June 4, 2013

NOTE 13. LEASE OBLIGATIONS

At December 31, 2012, the Township had lease agreements in effect for the following:

- Capital:
 - Ten (10) 2010 Ford Crown Victoria Police Vehicles
 - Seven (7) 2012 Ford Crown Victoria Police Vehicles
- Operating:
 - Copiers

Rental payments under capital leases for the year 2012 were \$147,605.74.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 92,043	\$ 7,984	\$ 100,027
2014	<u>38,746</u>	<u>2,267</u>	<u>41,013</u>
Total	<u>\$ 130,789</u>	<u>\$ 10,251</u>	<u>\$ 141,040</u>

Operating Leases – Rental payments under operating leases for the period ended December 31, 2012 and 2011 were \$5,040 and \$5,040, respectively.

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

<u>Year</u>	<u>Total</u>
2013	\$ 2,100
Total	<u>\$ 2,100</u>

NOTE 14. CONTINGENCIES

The Township participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

**Township of Gloucester
Notes to Financial Statements
December 31, 2012**

NOTE 15. LITIGATION

The Township is a defendant in several legal proceedings that are in various stages of litigation. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Township's counsel and Township's management that resolution of these matters will not have a material adverse effect on the financial condition of the Township.

NOTE 16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	Balance December 31, 2012	2013 Budget Appropriation
Current Fund:		
Special Emergency	\$ 302,000	\$ 302,000
Total	\$ 302,000	\$ 302,000

The appropriations in the 2013 Budget as introduced are not less than that required by the statutes.

NOTE 17. LONG TERM DEBT REFUNDING

On April 30, 2012 the Township issued \$5,540,000 of Township General Obligation Refunding Bonds, Series of 2012 ("Refunding Bonds") for the purpose of effecting a refunding program of certain outstanding bonds pursuant to N.J.S.A. 40A:2-54 ("Refunding") and to enable the Township to reduce its overall debt service. The Refunding was effectuated by the issuance of the Refunding bonds to refund the debt service on the serial maturities (\$5,438,000 total par amount refunded) of the outstanding Series 2003 maturing on February 1 in the years 2014 to 2018, both dates inclusive. The net proceeds, after costs of issuance of \$96,390, were utilized to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the redemption of the Series 2003 bonds on February 1, 2013.

The Refunding decreased total debt service by \$229,031 and resulted in a present value economic savings of \$223,769 or 4.11% of the par amount of refunded bonds. The economic savings is the difference between the present values of the debt service payments on the old and new debt.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2012

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2011	\$ 9,624,674.87	\$ 127,363.92
Increased by Receipts:		
Taxes Receivable	\$ 143,604,025.35	
Due from State of New Jersey - Senior Citizen and Veteran Deductions	673,500.00	
Tax Title Lien Receivables	135,482.90	
Revenue Accounts Receivable	10,556,785.24	
Miscellaneous Revenues Not Anticipated	2,867,064.02	
Maintenance Liens Receivable	14,874.57	
Police Outside Services Receivable	197,437.86	
Health Benefit Contributions	5,691.72	
Petty Cash Fund	300.00	
Due from Capital Fund	4,542,159.33	
Due from Trust Other Funds	419,571.49	
Prepaid 2013 Taxes	586,847.81	
Tax Overpayments	449,426.36	
Due to State of New Jersey:		
Marriage License Fees	8,150.00	
Construction Code Fees	27,720.00	
Due to Camden County MUA	880,612.07	
Due to Gloucester Township MUA	395,879.61	
Federal and State Grants Receivable		\$ 753,088.94
Due from Federal and State Grant Fund	440,701.33	
Total Receipts	<u>165,806,229.66</u>	<u>753,088.94</u>
Subtotal	175,430,904.53	880,452.86
Decreased by Disbursements:		
2012 Budget Appropriations	46,916,190.91	
2011 Appropriation Reserves/Encumbrances	653,203.85	
Change Fund	100.00	
Special Emergency Note Payable	338,000.00	
Petty Cash Fund	300.00	
Miscellaneous Liens Receivable	5,521.85	
Maintenance Liens Receivable	20,178.58	
Police Outside Services Receivable	10,727.04	
Due to Camden County MUA	1,937,552.41	
Due to Gloucester Township MUA	783,735.96	
Cost of Revaluation	25,163.44	
Refund of Tax Overpayments	114,785.18	
Due to State of New Jersey:		
Marriage License Fees	8,050.00	
Construction Code Fees	29,805.00	
Due County for Added Taxes	23,048.91	
County Taxes Payable	34,869,708.92	
Local District School Taxes	43,347,398.00	
Regional High School District Taxes	23,033,489.59	
Fire District Taxes	6,032,661.00	
Municipal Open Space Taxes	904,839.30	
Due to Trust Other Funds	1,037,517.96	
Due to General Capital Fund	3,532,260.50	
Reserve for Federal and State Grants - Appropriated		439,751.53
Due to Current Fund		440,701.33
Total Disbursements	<u>163,624,238.40</u>	<u>880,452.86</u>
Balance December 31, 2012	<u>\$ 11,806,666.13</u>	<u>\$ -</u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Change Funds
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 1,750.00
Increased by Disbursements	<u>100.00</u>
Balance December 31, 2012	<u><u>\$ 1,850.00</u></u>

OFFICE

Tax Collector	\$ 400.00
Municipal Court Clerk	1,000.00
Township Chief Finance Officer	200.00
Township Clerk	100.00
Municipal Alliance Office	100.00
Mayor's Office	<u>50.00</u>
Total	<u><u>\$ 1,850.00</u></u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

**Schedule of Due From State of New Jersey - Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2012**

Balance December 31, 2011		\$ 74,098.49
Increased by:		
Deductions per Original Tax Billing		
Senior Citizen Deductions	\$ 136,750.00	
Veteran Deductions	534,500.00	
2012 Deductions Allowed by Tax Collector	28,112.00	
2012 Deductions Disallowed by Tax Collector	<u>(7,717.90)</u>	
		<u>691,644.10</u>
		765,742.59
Decreased by:		
Collections		<u>673,500.00</u>
Balance December 31, 2012		<u><u>\$ 92,242.59</u></u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2012

Year	Balance December 31, 2011	Levy	Collections		State Share of Senior Citizen and Veterans Deductions Allowed	Canceled	Transferred To Tax Title Liens	Balance December 31, 2012
			2011	2012				
Bankruptcy's	\$ 253,103.61			\$ 27,817.32				\$ 225,286.29
	<u>253,103.61</u>			<u>27,817.32</u>				<u>225,286.29</u>
2011		\$ 145,548,761.81	\$ 604,433.40	143,576,208.03	\$ 691,644.10	\$ 165,085.69	\$ 350,072.72	161,317.87
Total	\$ 253,103.61	\$ 145,548,761.81	\$ 604,433.40	\$ 143,604,025.35	\$ 691,644.10	\$ 165,085.69	\$ 350,072.72	\$ 386,604.16

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 144,764,341.14
Added Taxes (54:4-63.1 et seq.)	113,170.67
Senior Citizens and Veterans Deductions Allowed Per Original Levy	671,250.00
Total	<u>\$ 145,548,761.81</u>
Tax Levy:	
Local District School Tax	\$ 43,274,460.50
Regional High School District Tax	23,033,489.59
Fire Districts' Tax	6,032,661.00
Municipal Open Space Tax	904,839.30
County Tax	\$ 31,903,181.78
County Library Tax	2,060,482.03
County Open Space Preservation	906,045.11
Due County for Added Taxes (54:4-63.1 et seq.)	<u>14,747.32</u>
	34,884,456.24
	<u>108,129,906.63</u>
Local Tax for Municipal Purposes	37,346,064.00
Additional Tax Levies	<u>72,791.18</u>
	37,418,855.18
Total	<u>\$ 145,548,761.81</u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 434,018.87
Increased by:		
Transfers from Taxes Receivable	\$ 350,072.72	
Interest and Costs Accrued by Tax Sale of December 18, 2012	<u>5,035.15</u>	
		<u>355,107.87</u>
		789,126.74
Decreased by:		
Collections		<u>135,482.90</u>
Balance December 31, 2012		<u>\$ 653,643.84</u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Accrued</u>	<u>Collected</u>	Balance December 31, <u>2012</u>
Licenses:				
Alcohol		\$ 60,000.00	\$ 60,000.00	
Other:				
Mercantile		8,425.00	8,425.00	
Landlord Registration		5,690.00	5,690.00	
Board of Health/Marriage		978.00	978.00	
Used Car Lot		2,340.00	2,340.00	
Peddler		1,100.00	1,100.00	
Raffle/Bingo		6,350.00	6,350.00	
Service Station		175.00	175.00	
Amusement		700.00	700.00	
Taxi		400.00	400.00	
Fees and Permits:				
Burial Permits		1,580.00	1,580.00	
Seasonal Permits		1,080.00	1,080.00	
Gun Permits		3,330.00	3,330.00	
Alarm Permits		135.00	135.00	
Sub-Division Fees		14,605.00	14,605.00	
Towing Contract Fees		900.00	900.00	
Encroachment Permit Fees		15,630.00	15,630.00	
Variance Fees		15,015.50	15,015.50	
Clerk Search		60.00	60.00	
Tax Searches		630.00	630.00	
Municipal Court:				
Fines and Costs	\$ 165,711.06	2,066,643.09	2,069,904.16	\$ 162,449.99
Interest and Costs on Taxes		262,264.49	262,264.49	
Interest on Investments and Deposits		120,069.37	120,069.37	
Recreation Fees		221,623.10	221,623.10	
Tax Sale Fees		215,362.32	215,362.32	
Payments in Lieu of Taxes - Senior Citizen Housing Complex		211,284.30	211,284.30	
Municipal Pool Fees		93,445.00	93,445.00	
Rental of Municipal Property		5,500.11	5,500.11	
Tax Abatement in Lieu of Billings		1,584,446.68	1,493,449.68	90,997.00
Police Department Fees		12,811.70	12,811.70	
Cable TV Fees		215,473.76	215,473.76	
Energy Receipts Tax		4,273,442.00	4,273,442.00	
Consol. Municipal Prop. Tax Relief Act		833,017.00	833,017.00	
Construction Code Fees		390,014.75	390,014.75	
		<u>390,014.75</u>	<u>390,014.75</u>	
Total	<u>\$ 165,711.06</u>	<u>\$ 10,644,521.17</u>	<u>\$ 10,556,785.24</u>	<u>\$ 253,446.99</u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of 2011 Appropriation Reserves
For the Year Ended December 31, 2012

	Balance December 31, 2011		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Within "CAPS":					
Administrative and Executive:					
Office of Business Administrator					
Salaries and Wages	\$ 1,778.67		\$ 1,778.67		\$ 1,778.67
Other Expenses	121.23		121.23		121.23
Office of Administrative Support Services					
Other Expenses	195.82		1,395.82	\$ 1,322.34	73.48
Office of Grant Administration:					
Other Expenses	98.63		98.63		98.63
Office of Human Resources:					
Salaries and Wages	341.39		341.39		341.39
Other Expenses	2,493.27		2,493.27	1,487.00	1,006.27
Office of Mayor					
Other Expenses	66.03	206.50	272.53	206.50	66.03
Office of Township Council					
Salaries and Wages	5,030.56		5,030.56		5,030.56
Other Expenses	575.04	164.50	739.54	164.50	575.04
Office of Public Information:					
Other Expenses	875.00		875.00	875.00	
Office of Township Clerk					
Salaries and Wages	28,983.03		28,983.03		28,983.03
Other Expenses	7,063.87		7,063.87		7,063.87
Office of Treasury					
Other Expenses	71.71	350.00	1,321.71	1,298.85	22.86
Office of Data Processing					
Salaries and Wages	306.47		306.47		306.47
Other Expenses	19,126.96		19,126.96	8,251.46	10,875.50
Office of Tax Collection					
Salaries and Wages	12,042.53		12,042.53		12,042.53
Other Expenses	35,367.15	459.00	35,826.15	727.55	35,098.60
Office of Tax Assessment:					
Salaries and Wages	9,718.15		9,718.15		9,718.15
Other Expenses	53.31		53.31	23.00	30.31
Office of Township Attorney:					
Salaries and Wages	204.61		204.61		204.61
Other Expenses	44.48	1,990.91	4,035.39	3,950.54	84.85
Office of Township Engineer					
Other Expenses	11,867.75		11,867.75	2,034.25	9,833.50
Rent Stabilization Board:					
Salaries and Wages					
Other Expenses	6,123.72		6,123.72		6,123.72
Office of Community Development					
Salaries and Wages	7,187.35		7,187.35		7,187.35
Other Expenses	8,599.57		8,599.57	293.68	8,305.89
Planning Board:					
Salaries and Wages	1,671.94		1,671.94		1,671.94
Other Expenses	3,295.99	269.43	3,565.42	689.75	2,875.67
Zoning Board of Adjustments					
Salaries and Wages	1,516.47		1,516.47		1,516.47
Other Expenses	23,039.51	445.02	23,484.53	661.85	22,822.68
Office of Zoning:					
Salaries and Wages	1,218.31		1,218.31		1,218.31

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of 2011 Appropriation Reserves
For the Year Ended December 31, 2012

	Balance December 31, 2011		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Within "CAPS" (Cont'd):					
Insurance:					
Liability	\$ 9,320.66	\$ 1,282.86	\$ 10,603.52	\$ 3,649.36	\$ 6,954.16
Workers Compensation	92,447.98		92,447.98		92,447.98
Employee Group Insurance	101,243.96		101,243.96	28,298.91	72,945.05
Unemployment Insurance	33,953.15		33,953.15	4,130.00	29,823.15
Public Safety:					
Police Department					
Salaries and Wages	195,212.50		195,212.50		195,212.50
Other Expenses	160,897.13	48,151.09	209,048.22	74,492.00	134,556.22
Police Communications					
Other Expenses	18,763.47	8,490.68	27,254.15	8,490.68	18,763.47
Office of Prosecutor:					
Salaries and Wages	0.93		0.93		0.93
Public Works:					
Office of Director					
Salaries and Wages	1,961.26		1,961.26		1,961.26
Other Expenses	4,930.32	697.93	6,028.25	5,959.10	69.15
Streets and Road Maintenance					
Salaries and Wages			500.00	486.00	14.00
Other Expenses	139,020.96	6,439.82	145,460.78	10,146.85	135,313.93
Sanitation					
Contractual	143,569.01		143,569.01	137,350.28	6,218.73
Public Buildings and Grounds					
Salaries and Wages	21,702.59		21,702.59		21,702.59
Other Expenses	16.66	4,998.85	12,515.51	12,042.46	473.05
Other Public Works Functions					
Other Expenses	4.75		4.75		4.75
Vehicle Maintenance					
Salaries and Wages	12,400.02		12,400.02		12,400.02
Other Expenses	69,022.36	11,665.82	80,688.18	31,900.25	48,787.93
Health and Human Services:					
Office of Community Services and Information:					
Salaries and Wages	6,270.49		6,270.49		6,270.49
Other Expenses	222.29		222.29	49.22	173.07
Board of Health					
Salaries and Wages	2,648.20		2,648.20		2,648.20
Other Expenses	29.84		29.84		29.84
Animal Control					
Other Expenses	10,000.00		10,000.00	10,000.00	
Parks and Recreation					
Office of Director:					
Salaries and Wages	13,983.74		13,983.74		13,983.74
Other Expenses	12,313.98		12,713.98	12,676.71	37.27
Office of Community Activities:					
Other Expenses	127.03		727.03	719.48	7.55
Municipal Pool:					
Salaries and Wages	17.42		17.42		17.42
Other Expenses	33.38	184.95	1,718.33	1,578.77	139.56
Maintenance of Parks and Playgrounds:					
Salaries and Wages	23,473.67		23,473.67		23,473.67
Other Expenses	855.30	617.41	2,272.71	2,197.27	75.44
Other Common Operating Functions:					
Office of Senior Citizens					
Salaries and Wages	14,228.44		14,228.44		14,228.44
Other Expenses	274.33		274.33	82.38	191.95
Utility Expenses:					
Electric	26,424.19		26,424.19	14,327.75	12,096.44
Street Lights	78,230.65	573.45	66,504.10	28,289.33	38,214.77
Telephone	152.11	3,768.09	10,420.20	9,966.51	453.69

(Continued)

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of 2011 Appropriation Reserves
For the Year Ended December 31, 2012

	Balance December 31, 2011		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<i>Within "CAPS" (Cont'd):</i>					
Water	\$ 3,428.21		\$ 3,428.21	2,273.07	\$ 1,155.14
Natural Gas	5,993.24		5,993.24	\$ 5,506.55	486.69
Sewer	27.04		27.04		27.04
Gasoline	49,354.55		96,354.55	96,351.52	3.03
Landfill Disposal Costs					
Other Expenses	128,739.30		128,739.30	126,524.13	2,215.17
Municipal Court					
Salaries and Wages	6,184.63		6,184.63		6,184.63
Other Expenses	6,133.47	\$ 1,588.01	7,721.48	3,242.00	4,479.48
Construction Code Enforcement					
Salaries and Wages	1,165.89		1,165.89		1,165.89
Other Expenses	523.63	235.00	758.63	487.00	271.63
Compensated Absences					
Other Expenses	11,000.92		0.92		0.92
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	46,435.39		435.39		435.39
Total Within "CAPS"	1,641,817.56	92,579.32	1,734,396.88	653,203.85	1,081,193.03
GRAND TOTAL	\$ 1,641,817.56	\$ 92,579.32	\$ 1,734,396.88	\$ 653,203.85	\$ 1,081,193.03

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Statement of Deferred Charges
 N.J.S. 40A:4-55 Special Emergency Authorizations
 For the Year Ended December 31, 2012

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<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2011</u>	<u>Added in 2012</u>	<u>Raised in 2012 Budget</u>	<u>Balance December 31, 2012</u>
08/11/09	Revaluation	\$ 1,690,000.00	\$ 338,000.00	\$ 640,000.00		\$ 338,000.00	\$ 302,000.00
	Total	<u>\$ 1,690,000.00</u>	<u>\$ 338,000.00</u>	<u>\$ 640,000.00</u>	<u>\$ -</u>	<u>\$ 338,000.00</u>	<u>\$ 302,000.00</u>

TOWNSHIP OF GLOUCESTER

CURRENT FUND

Schedule of Special Emergency Note Payable
For the Year Ended December 31, 2012

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance December 31, 2012</u>
Revaluation	09/01/09	9/1/10	8/31/12	1.70%	\$ 676,000.00		\$ 676,000.00	
Revaluation	09/01/09	9/1/11	8/31/13	0.95%		\$ 338,000.00		\$ 338,000.00
					<u>\$ 676,000.00</u>	<u>\$ 338,000.00</u>	<u>\$ 676,000.00</u>	<u>\$ 338,000.00</u>
				Renewal Paid by Budget Appropriation		\$ 338,000.00	\$ 338,000.00	
						<u>\$ 338,000.00</u>	<u>\$ 676,000.00</u>	

GLOUCESTER TOWNSHIP

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2012

	Balance December 31, 2011	Accrued	Received	Cancel	Balance December 31, 2012
Federal Grants:					
Data Collection Grant	\$ 8,031.14			\$ 8,031.14	
ARRA - Energy Efficiency & Conservation Block Grant	159,925.90		\$ 115,422.41		\$ 44,503.49
Justice Assistance Grant	27,457.00	\$ 23,976.00	27,457.00		23,976.00
Bullet Proof Vest Program	25,010.00	19,380.00	15,650.00		28,740.00
NJ Transportation Trust Fund Authority Act Year 2006	27,722.42				27,722.42
Davistown Road	193,211.77		47,836.75		145,375.02
Bike Path	68,631.62		26,854.22		41,777.40
Peters Lane	125,132.30				125,132.30
Garwood Road		412,600.00	232,593.35		180,006.65
Click It or Ticket		4,000.00	4,000.00		
Over the Limit Under Arrest		5,000.00	5,000.00		
Drive Sober Get Pulled Over		4,400.00	4,400.00		
Emergency Management		5,000.00	5,000.00		
Total Federal Grants	635,122.15	474,356.00	484,213.73	8,031.14	617,233.28
State Grants:					
Municipal Alliance for Alcoholism and Drug Abuse		41,558.00	40,663.00		895.00
Drunk Driving Enforcement Fund		15,443.34	15,443.34		
Safe and Secure Communities	34,513.00	90,000.00	88,948.00		35,565.00
Clean Communities		93,452.04	93,452.04		
Body Armor Grant		10,482.49	10,482.49		
Records Management PARIS grant	19,305.00			19,305.00	
Civil Preparedness Grant	5,000.00				5,000.00
Exercise Improvement Grant		14,886.34	14,886.34		
Domestic Violence	376.00			376.00	
Sustainable Jersey Grant		10,000.00	5,000.00		5,000.00
Camden County Open Space Youth Program	100,000.00			14,000.00	100,000.00
Green Communities Grant	3,000.00				3,000.00
Total State Grants	176,194.00	275,822.21	268,875.21	33,681.00	149,460.00
Total	\$ 811,316.15	\$ 750,178.21	\$ 753,088.94	\$ 41,712.14	\$ 766,693.28

TOWNSHIP OF GLOUCESTER

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2012

	Balance December 31, 2011	Federal and State Grant Receivable	Realized as Revenue in 2012 Budget	Balance December 31, 2012
Federal Grants:				
Justice Assistance Grant		\$ 23,976.00	\$ 23,976.00	
Bullet Proof Vest Program		19,380.00	19,380.00	
Transportation Trust Fund		412,600.00	412,600.00	
Click It or Ticket Grant		4,000.00		\$ 4,000.00
Drive Sober or Get Pulled Over		4,400.00	4,400.00	
Over the Limit and Under Arrest		5,000.00	5,000.00	
Emergency Management		5,000.00	5,000.00	
Total Federal Grants		474,356.00	470,356.00	4,000.00
State Grants:				
Clean Communities		93,452.04	93,452.04	
Drunk Driving Enforcement Fund	\$ 2,128.00	15,443.34	15,443.34	2,128.00
Body Armor Replacment Fund	9,787.62	10,482.49	9,787.62	10,482.49
Safe and Secure Communities		90,000.00	90,000.00	
Municipal Alliance Grant		41,558.00	41,558.00	
Camden County Checkpoint Grant	1,747.73			1,747.73
Sustainable Jersey Grant		10,000.00	10,000.00	
Exercise Improvement Grant		14,886.34	14,886.34	
Total State Grants	13,663.35	275,822.21	275,127.34	14,358.22
Total	\$ 13,663.35	\$ 750,178.21	\$ 745,483.34	\$ 18,358.22

TOWNSHIP OF GLOUCESTER

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2012

	Balance December 31, 2011	Transferred from Budget Appropriation	Disbursed	Current Year Encumbrances	Canceled	Balance December 31, 2012
Federal Grants:						
School Transportation Safety Grant	\$ 19,869.62					\$ 19,869.62
ARRA - Energy Efficiency & Conservation Block Grant	72,616.72		\$ 60,316.72	\$ 12,300.00		
Justice Assistance Grant		\$ 23,976.00	23,976.00			
Bulleit Proof Vest Program	9,360.00	19,380.00	3,120.00	10,492.38		15,127.62
Transportation Trust Fund Authority Act Year 2006	125.45					125.45
Peters Lane	13,837.30					13,837.30
Davistown Road	265,784.05		62.50		\$ 120,346.53	145,375.02
Bike Path	61,869.31				20,091.91	41,777.40
Garwood Road		412,600.00	63,612.25	310,124.47		38,863.28
Click It or Ticket Grant	4,000.00		4,000.00			
Over the Limit and Under Arrest Drive Sober or Get Pulled Over	9,150.00	5,000.00	14,150.00			4,400.00
Data Collection Grant	36,011.88	4,400.00			8,031.14	27,980.74
Emergency Management Grant	6,385.24	5,000.00	11,139.24	246.00		
Total Federal Grants	499,009.57	470,356.00	180,376.71	333,162.85	148,469.58	307,356.43
State Grants:						
Municipal Alliance for Alcoholism and Drug Abuse	30,237.17	41,558.00	25,332.52	3,346.37		43,116.28
Drunk Driving Enforcement Fund	13,340.87	15,443.34	24,767.22	3,308.20		708.79
Sustainable Jersey Grant		10,000.00				10,000.00
Clean Communities	68,981.83	93,452.04	90,803.21	1,919.60		69,711.06
State Police Defense Civil Preparedness Grant	1,101.78					1,101.78
NJ Economic Development Authority Grant	28,835.45					28,835.45
Body Armor Replacement Fund		9,787.62		9,787.62		
NJ DCA - Blackwood/Clementon Road Community Center	94,360.13					94,360.13
Exercise Improvement Grant	11.20	14,886.34	11,990.00	1,583.50		1,324.04
Records Management PARIS grant	19,305.00				19,305.00	
Domestic Violence	376.00				376.00	
Domestic Preparedness Equipment	476.34					476.34
Enhanced 911 State Grant	20,620.28		13,981.87	483.00		6,155.41
Special Purpose Grant - Community Center	2,131.10					2,131.10
Camden County Open Space	125,000.00					125,000.00
Camden County Check Point Grant	2,500.00		2,500.00			
Youth Program	14,000.00				14,000.00	
Hepatitis B Grant	1,730.00					1,730.00
Green Communities Grant	3,000.00					3,000.00
Safe and Secure Communities		90,000.00	90,000.00			
Total State Grants	426,007.15	275,127.34	259,374.82	20,428.29	33,681.00	387,650.38
Total	\$ 925,016.72	\$ 745,483.34	\$ 439,751.53	\$ 353,591.14	\$ 182,150.58	\$ 695,006.81

TRUST FUND

TOWNSHIP OF GLOUCESTER

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2012

		<u>ANIMAL CONTROL FUND</u>
Balance December 31, 2011		\$ 14,589.51
Increased by Receipts:		
Animal License Fees	\$ 72,230.20	
Budget Appropriation	37,000.00	
Fees Due to State Board of Health	4,873.80	
Interest Received	133.22	
Total Receipts	<u>114,237.22</u>	<u>114,237.22</u>
		128,826.73
Decreased by Disbursements:		
Expenditures Under R.S.4:19-15	123,269.14	
Fees Paid State Board of Health	4,857.00	
Transfer to Current Fund	131.98	
Total Disbursements	<u>128,258.12</u>	<u>128,258.12</u>
Balance December 31, 2012		<u>\$ 568.61</u>

TOWNSHIP OF GLOUCESTER

TRUST FUND

Schedule of Reserve Balances
For the Year Ended December 31, 2012

Account Title	Cash	Accounts	Cash		Cash	Accounts	Payables/
	Balance	Receivable	Receipts	Disbursements	Balance	Receivable	Reserve
	December 31,	Balance			December 31,	Balance	Balance
	2011	December 31,			2012	December 31,	December 31,
		2011				2012	2012
Reserve for Housing and Community Development Act:							
2010/11 Metro Cities Grant	\$ (182,080.22)	\$ 235,934.74	\$ 476,796.44	\$ 294,716.22			
2011/12 Metro Cities Grant		312,894.00	295,495.60	249,071.86	\$ 46,423.74	26,412.74	\$ 72,836.48
2012/13 Metro Cities Grant						264,078.00	264,078.00
2009/10 Metro Cities Grant			31,305.94	31,305.94			
CC Home Consortium Program FY12						40,000.00	40,000.00
CC Home Consortium Program FY11	(8,030.00)	50,000.00	50,000.00	38,090.00	3,880.00		3,880.00
CC Home Consortium Program FY08	(19,063.00)	19,063.00	19,264.00	201.00			
CC Home Consortium Program FY07	(51,099.00)	51,099.00	51,099.00	50,938.00	(50,938.00)	50,938.00	
Reserve for Engineering Escrows	486,552.75		331,298.97	285,127.29	532,724.43		532,724.43
Reserve for Cash Performance Guarantees	169,434.02		295,335.53	54,595.15	410,174.40		410,174.40
Reserve for Grading Escrows	19,026.42		279.00	3,100.75	16,204.67		16,204.67
Reserve for Developers Interest on Escrows	2,272.86				2,272.86		2,272.86
Reserve for Disposal of Forfeited Property	47,425.25		516,439.53	479,298.17	84,568.61		84,568.61
Reserve for Recycling Funds	228,389.04		166,098.00	208,548.25	185,938.79		185,938.79
Reserve for Misc. Grant Escrows.	11,091.28				11,091.28		11,091.28
Reserve for Public Defender	41,703.71		43,144.00	39,663.02	45,184.69		45,184.69
Reserve for POAA	118.00		498.00	224.00	392.00		392.00
Reserve for Municipal Alliance Funds	41,106.38		3,638.17	20,986.93	23,757.62	10,000.00	33,757.62
Reserve for Accumulated Absences	54,817.61				54,817.61		54,817.61
Reserve for Sidewalk Improvements	38,385.77			28,612.60	9,773.17		9,773.17
Reserve for Neighborhood Preservation Program:	(87,741.12)	100,641.42	100,641.42		12,900.30		12,900.30
Reserve for Seasonal Cleanup Escrows	1,031.00				1,031.00		1,031.00
Reserve for School Bus GPS System	(6,891.52)	6,891.52	6,891.52	23,333.81	(23,333.81)	23,333.81	
Reserve for Redemption of Privately held Liens	(80,676.85)	376,909.50	8,242,778.36	7,816,258.88	345,842.63		345,842.63
Reserve for Tax Sale Premium	275,200.00		863,900.00	102,200.00	1,036,900.00		1,036,900.00
Reserve for Workman's Compensation	27,223.21		449,892.86	463,028.11	14,087.96		14,087.96
Reserve for Workman's Compensation - Sal. & Wages	3,381.05		129,107.32	117,838.56	14,649.81		14,649.81
Reserve for Workman's Compensation - MUA	(5,781.38)	12,064.30			(5,781.38)	12,064.30	6,282.92
Reserve for Disability Claims	53,882.15		45,299.56	43,327.06	55,854.65		55,854.65
Reserve for Unemployment Compensation Insurance	2,287.28		46,959.25	42,233.60	7,012.93		7,012.93
Reserve for Special Recreation	66,587.00				66,587.00		66,587.00
Reserve for Affordable Housing Trust	668,109.07		65,097.81	715,623.95	17,582.93		17,582.93

(continued)

TOWNSHIP OF GLOUCESTER

TRUST FUND

Schedule of Reserve Balances
For the Year Ended December 31, 2012

Account Title	Cash	Accounts			Cash	Accounts	Payables/
	Balance	Receivable	Cash	Cash	Balance	Receivable	Reserve
	December 31,	Balance	Receipts	Disbursements	December 31,	Balance	Balance
	2011	December 31,			2012	December 31,	December 31,
		2011				2012	2012
Reserve for Rehabilitation Mortgages Receivable		\$ 905,471.46				\$ 905,471.46	\$ 905,471.46
Reserve for Encroachment Escrows	\$ 16,377.89		\$ 3,340.00	\$ 3,460.00	\$ 16,257.89		16,257.89
Reserve for Multiple Dwelling Escrows	38,425.61				38,425.61		38,425.61
Reserve for Municipal Open space	1,018,978.45		2,362,102.36	3,274,619.57	106,461.24		106,461.24
Reserve for Sloan's Legacy	2,930.07		9.80		2,939.87		2,939.87
Reserve for Revolving Loan Fund	251,524.55		9,975.00	37,375.00	224,124.55		224,124.55
Reserve for Payroll Fund	423,841.85		21,449,882.57	21,377,889.60	495,834.82		495,834.82
Reserve for Flexible Spending			152,776.70	135,580.02	17,196.68		17,196.68
Reserve for K-8 Schultz	17,331.35		180.00	15,455.50	2,055.85		2,055.85
Contracts Payable	4,383.70				4,383.70		4,383.70
Due to Current Fund	4,077.17		454,552.99	527,013.69	(68,383.53)	68,383.53	-
Total	\$ 3,574,531.40	\$ 2,070,968.94	\$ 36,654,079.70	\$ 36,479,716.53	\$ 3,758,894.57	\$ 1,400,681.84	\$ 5,159,576.41

TOWNSHIP OF GLOUCESTER

ANIMAL CONTROL

Schedule of Due to Current Fund
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 26.95
Increased by:		
Interest Earnings	\$ 133.22	
Excess in Reserve		
	<u>133.22</u>	<u>133.22</u>
		160.17
Decreased by:		
Disbursed to Current Fund		<u>131.98</u>
Balance December 31, 2012		<u>\$ 28.19</u>

Schedule of Due to State of New Jersey
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ -
Increased by:		
State Share of License Fees Collected	\$ 4,873.80	
Adjustment	<u>1.20</u>	
		<u>4,875.00</u>
Sub-total		4,875.00
Decreased by:		
Payments to State of New Jersey		<u>4,857.00</u>
Balance December 31, 2012		<u>\$ 18.00</u>

TOWNSHIP OF GLOUCESTER

ANIMAL CONTROL FUND

Schedule of Reserve For Animal Control Fund Expenditures
For the Year Ended December 31, 2012

<hr/>	
Balance December 31, 2011	\$ 14,562.56
Increased by:	
Receipts:	
Dog License Fees	\$ 65,241.00
Cat License Fees	6,513.00
Late Fees and Rabies Clinic	476.20
Total Animal Receipts	<u>72,230.20</u>
Budget Appropriation	<u>37,000.00</u>
	<u>109,230.20</u>
	123,792.76
Decreased by:	
Expenditures Under R.S. 4:19-15.11	123,269.14
Adjustment	<u>1.20</u>
	<u>123,270.34</u>
Balance December 31, 2012	<u><u>\$ 522.42</u></u>

License Fees Collected

Year

2011	\$ 74,668.94
2010	<u>97,215.05</u>
Total	<u><u>\$ 171,883.99</u></u>

GENERAL CAPITAL FUND

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 4,199,594.27
Increased by receipts:		
Sale Bond Anticipation Notes	\$ 5,116,117.00	
Sale of Serial Bonds	2,087,000.00	
Capital Improvement Fund	346,000.00	
Due to Current Fund	3,655,003.85	
Interest on Investments	7,739.53	
Contra Receipts with Disbursements	<u>4,045,085.26</u>	
		<u>15,256,945.64</u>
		19,456,539.91
Decreased by Disbursements:		
Payment on Bond Anticipation Notes	31.00	
Transferred to Escrow Agent	102,000.00	
Due to Current Fund	4,672,642.21	
Reserve for Payment of Debt	39,625.98	
Improvement Authorizations	6,371,241.24	
Contra Disbursements with Receipts	<u>4,045,085.26</u>	
		<u>15,230,625.69</u>
Balance December 31, 2012		<u>\$ 4,225,914.22</u>

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

**Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2012**

Fund Balance		\$ 1,141,129.80
Capital Improvement Fund		44,052.69
Due from Current Fund		(1,327,923.17)
Due from NJ Environmental Infrastructure Trust Fund		(2,017,186.00)
Reserve for Payment of Debt		40,360.79
Encumbrances Payable		2,869,148.27
Bond Anticipation Note Payable		9,105,000.00
Improvement Authorizations:		
Ordinance		
Number		
00-19	Various Capital Improvements	(1,800.00)
02-34	Acquisition of Various Vehicles	(951.00)
03-26	Acquisition of Vehicles	(119.00)
03-36	Various Capital Improvements	520.00
04-19	Various Capital Improvements	(133.00)
04-26	Acquisition of Vehicles	(228.00)
05-14	Various Capital Improvements	4,401.46
07-24	Various Capital Improvements	57,360.16
08-16	Various Capital Improvements	58,730.51
09-12	Various Capital Improvements	(228,833.19)
09-15	Various Capital Improvements	(313,473.67)
09-17	Various Capital Improvements	251,699.13
09-21	Various Capital Improvements	(20,920.87)
10-09	Acquisition of Copiers and Computer Software	9,533.04
10-17	Construction of Street Hockey Rinks	(1,382,429.62)
10-23	Various Capital Improvements	(697,904.79)
11-03	Acquisition of Various Equipment	827,681.59
11-16	Cost of Closure Remediation	(1,165,031.00)
11-21	Acquisition of Four Wheel Drive Vehicles	(490,324.98)
12-06	Various Capital Improvements	(2,733,294.99)
12-07	Energy Savings Improvement Program	294,984.32
12-12	Building Improvements	(346,348.88)
12-28	Drainage Improvements	(2,110.00)
12-29	Various Capital Improvements	250,324.62
		\$ 4,225,914.22

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of Due To/(From) Current Fund
For the Year Ended December 31, 2012

Balance December 31, 2011 - Due From		\$	318,024.34
Increased by:			
Cash Disbursed			<u>4,672,642.21</u>
			4,990,666.55
Decreased by:			
Interest Earned on Deposits	\$	7,739.53	
Cash Received		<u>3,655,003.85</u>	
			<u>3,662,743.38</u>
Balance December 31, 2012 - Due From		\$	<u>1,327,923.17</u>

Schedule of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2012

Balance December 31, 2011		\$	42,822,144.15
Increased by:			
Refunding Bonds	\$	102,000.00	
2012 NJ Environmental Infrastructure Trust		2,017,186.00	
2012 General Obligation Bonds		<u>1,985,000.00</u>	
			<u>4,104,186.00</u>
			46,926,330.15
Decreased by:			
2012 Budget appropriations:			
Serial bonds paid	\$	5,245,000.00	
Green acres loan paid		<u>123,962.63</u>	
			<u>5,368,962.63</u>
Balance December 31, 2012		\$	<u>41,557,367.52</u>

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule Of Deferred Charges To Future Taxation - Unfunded
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance December 31, 2012	Analysis of Balance		
			Expenditures	Financed by Bond Anticipation Note	Unexpended Improvement Authorizations
00-19	Various Capital Improvements	\$ 1,800.00	\$ 1,800.00		
02-34	Various Capital Improvements	951.00	951.00		
03-36	Various Capital Improvements	119.00	119.00		
04-19	Various Capital Improvements	133.00	133.00		
04-26	Acquisition of Vehicles	228.00	228.00		
05-14	Various Capital Improvements	69.00	69.00		
07-24	Various Capital Improvements	217.00			\$ 217.00
09-12	Various Capital Improvements	254,070.00	228,833.19		25,236.81
09-15	Various Capital Improvements	481,345.00	313,473.67		167,871.33
09-17	Various Capital Improvements	482,814.00			482,814.00
09-21	Various Capital Improvements	60,121.00	20,920.87		39,200.13
10-17	Construction of Street Hockey Rinks	1,595,000.00	40,000.00	\$ 1,555,000.00	
10-23	Various Capital Improvements	1,268,883.00		1,268,883.00	
11-16	Cost of Closure Remediation	1,165,031.00	31.00	1,165,000.00	
11-21	Acquisition of Four Wheel Drive Vehicles	518,225.00	490,324.98		27,900.02
12-06	Various Capital Improvements	5,118,964.00	2,847.00	5,116,117.00	
12-07	Energy Savings Improvement Program	265,000.00			265,000.00
12-12	Building Improvements	874,000.00	346,348.88		527,651.12
12-28	Drainage Improvements	2,155,990.00	2,110.00		2,153,880.00
12-29	Various Capital Improvements	5,263,579.00			5,263,579.00
		<u>\$ 19,506,539.00</u>	<u>\$ 1,448,189.59</u>	<u>\$ 9,105,000.00</u>	<u>\$ 8,953,349.41</u>

Improvement Authorizations Unfunded	\$12,122,567.01
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance Nos.	
2010-17	212,570.38
2010-23	570,978.21
2012-06	<u>2,385,669.01</u>
	<u>3,169,217.60</u>
	<u>\$8,953,349.41</u>

TOWNSHIP OF GLOUCESTER
GENERAL CAPITAL FUND
Schedule of Improvement Authorizations
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	2012 Authorizations												
		Ordinance		Balance December 31, 2011		Capital Improvement Fund	Capital Fund Balance	Deferred Charges To Future Taxation Unfunded	Prior Period Encumbrances Payable	Paid or Charged	Current Year Encumbrances Payable	Canceled	Balance December 31, 2012	
		Date	Amount	Funded	Unfunded								Funded	Unfunded
03-36	Various capital improvements	11/24/03	\$ 3,116,375.00	\$ 2,022.98				\$ 520.00	\$ 2,022.98			\$ 520.00		
05-14	Various capital improvements	04/04/05	4,167,523.00					16,765.26	12,294.80				4,470.46	
06-30	Various capital improvements	10/11/06	2,735,711.00	20,171.36				272.68	8,726.97	\$ 11,717.07				
07-24	Various capital improvements	10/10/07	3,450,216.00	285,157.33	\$ 217.00			1,746.96	29,544.13		\$ 200,000.00	57,360.16	\$ 217.00	
08-16	Various capital improvements	07/07/09	935,180.00	62,027.71						4,197.20		58,730.51		
09-12	Various capital improvements	05/27/09	266,775.00		43,025.81					17,789.00			25,236.81	
09-17	Various capital improvements	04/27/09	2,500,000.00		928,704.89			580,800.52	716,665.70	58,326.66		251,699.13	482,814.00	
09-15	Various capital improvements	07/27/09	505,415.00		167,871.33								167,871.33	
09-21	Various capital improvements	09/28/09	63,130.00		39,200.13								39,200.13	
10-09	Acquisition of copier & computer software	02/22/10	66,000.00	10,578.28					1,045.24			9,533.04		
10-23	Various capital improvements	04/26/10	4,031,483.00		952,568.52			9,540.16	391,130.47				570,978.21	
10-17	Construction of Street Hockey Rinks	04/26/10	2,100,000.00		212,570.38								212,570.38	
11-03	Acquisition of Various Capital Equipment	02/28/11	6,865,668.00	1,299,658.55				1,896,928.40	2,157,044.42	211,860.94		827,681.59		
11-21	Acquisition of Four Wheel Drive Vehicles	11/28/11	545,500.00	27,275.00	518,225.00				490,689.09	20,710.89			27,000.02	
12-06	Various capital improvements	11/28/11	5,374,912.00			\$ 255,948.00	\$ 5,118,064.00		1,793,337.81	1,195,005.18			2,385,669.01	
12-07	Energy Savings Improvement Program	11/28/11	2,250,000.00				2,250,000.00		743,491.68	946,524.00		294,694.32	265,000.00	
12-12	Building Improvements	11/28/11	920,000.00			46,000.00	874,000.00		15,494.57	376,854.31			527,651.12	
12-28	Drainage Improvement Program	11/28/11	2,155,990.00				2,155,990.00		2,110.00				2,153,880.00	
12-29	Various capital improvements	11/28/11	5,540,610.00			\$ 277,031.00	5,263,579.00		7,443.36	10,263.00		250,324.62	5,263,579.00	
			<u>\$ 1,707,791.21</u>	<u>\$ 2,662,383.16</u>	<u>\$ 301,948.00</u>	<u>\$ 277,031.00</u>	<u>\$ 15,662,533.00</u>	<u>\$ 2,506,573.98</u>	<u>\$ 6,371,241.24</u>	<u>\$ 2,869,148.27</u>	<u>\$ 200,000.00</u>	<u>\$ 1,755,303.83</u>	<u>\$ 12,122,567.01</u>	

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	Increased	Decreased	Balance
						December 31, 2011			December 31, 2012
10-17	Construction of street hockey rink	06/01/10	09/15/11	06/06/12	1.10%	\$ 1,955,000.00		\$ 1,955,000.00	
10-17	Construction of street hockey rink	06/01/10	06/05/12	06/04/13	1.50%		\$ 1,555,000.00		\$ 1,555,000.00
10-23	Various capital improvements	06/01/10	06/07/11	06/06/12	1.10%	1,268,883.00		1,268,883.00	
10-23	Various capital improvements	06/01/10	06/05/12	06/04/13	1.50%		1,268,883.00		1,268,883.00
11-16	Landfill Closure Costs	09/15/11	06/07/11	06/06/12	1.50%	1,165,031.00		1,165,031.00	
11-16	Landfill Closure Costs	09/15/11	06/05/12	06/04/13	1.50%		1,165,000.00		1,165,000.00
12-06	Various capital improvements	06/05/12	06/05/12	06/04/13	1.50%		5,116,117.00		5,116,117.00
Total						<u>\$ 4,388,914.00</u>	<u>\$ 9,105,000.00</u>	<u>\$ 4,388,914.00</u>	<u>\$ 9,105,000.00</u>
						Issued for cash	\$ 5,116,117.00		
						Disbursed		\$ 31.00	
						Budget Appropriation		400,000.00	
						Renewals	<u>3,988,883.00</u>	<u>3,988,883.00</u>	
							<u>\$ 9,105,000.00</u>	<u>\$ 4,388,914.00</u>	

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2012

Balance December 31, 2011		\$	0.69
Increased by:			
Open Space Fund Budget appropriation	\$	46,000.00	
Current Fund Budget appropriation		<u>300,000.00</u>	
			<u>346,000.00</u>
			346,000.69
Decreased by:			
Appropriated to Finance Improvement Authorizations			<u>301,948.00</u>
Balance December 31, 2012		\$	<u><u>44,052.69</u></u>

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
			Date	Amount					
Refunding Bonds of 2010	07/01/10	6,880,000	2/01/2013	\$ 1,875,000	2.500%	\$ 5,625,000.00		\$ 1,820,000.00	\$ 3,805,000.00
			2/01/2014	1,930,000	2.500%				
Refunding Bonds of 2009	09/15/09	6430000	2/01/2013	1,320,000	4.000%	3,960,000.00		1,275,000.00	2,685,000.00
			2/01/2014	1,365,000	4.000%				
General Bonds of 2007	12/01/07	6,154,000	12/01/13	450,000	3.750%	4,750,000.00		450,000.00	4,300,000.00
			12/1/2014 - 15	500,000	3.750%				
			12/1/2016 - 18	550,000	3.750%				
			12/1/2019 - 20	600,000	3.800%				
General Bonds of 2011	02/01/11	10,000,000	02/01/13	575,000	2.000%	10,000,000.00		550,000.00	9,450,000.00
			02/01/14	550,000	2.000%				
			02/01/15	950,000	2.000%				
			02/01/16	945,000	3.000%				
			02/01/17	1,005,000	3.000%				
			02/01/18	1,050,000	3.000%				
			02/01/19	1,075,000	3.000%				
			02/01/20	1,100,000	3.000%				
			02/01/21	1,100,000	3.125%				
			02/01/22	1,100,000	4.000%				

(Continued)

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of General Serial Bonds (Cont'd)
For the Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
			Date	Amount					
Refunding Revenue Bonds CCIA Lease of 2011	04/01/11	3,440,000.00	04/01/13	\$ 275,000	3.000%	\$ 3,440,000.00		\$ 225,000.00	\$ 3,215,000.00
			04/01/14	285,000	3.000%				
			04/01/15	300,000	3.000%				
			04/01/16	305,000	2.000%				
			04/01/17	310,000	2.375%				
			04/01/18	315,000	2.750%				
			04/01/19	330,000	5.000%				
			04/01/20	345,000	5.000%				
			04/01/21	365,000	5.000%				
			04/01/22	385,000	5.000%				
General Bonds of 2003	03/01/03	7,683,000	2/1/2013	435,000	3.850%	6,298,000.00		5,863,000.00	435,000.00
Refunding Bonds of 2012	2/1/2012	5,540,000	2/1/2013	50,000	2.000%		\$ 5,540,000.00		5,540,000.00
			2/1/2014	500,000	2.000%				
			2/1/2015	1,200,000	2.000%				
			2/1/2016	1,230,000	2.000%				
			2/1/2017	1,260,000	2.000%				
			2/1/2018	1,300,000	2.000%				

(Continued)

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance July 1, 2011	Increased	Decreased	Balance December 31, 2012
			Date	Amount					
General Bonds of 2005	07/15/05	\$ 9,378,000	07/15/13	\$ 500,000	3.750%	\$ 6,978,000.00		\$ 500,000.00	\$ 6,478,000.00
			7/15/2014 - 15	525,000	3.750%				
			7/15/2016 - 17	550,000	3.850%				
			7/15/2018 - 19	575,000	4.000%				
			7/15/2020	600,000	4.000%				
			7/15/2021	650,000	4.000%				
			7/15/2022	700,000	4.000%				
			7/15/2023	728,000	4.000%				
General Bonds of 2012	11/15/12	1,985,000	11/15/13	110,000	2.000%		\$ 1,985,000.00		1,985,000.00
			11/15/14	105,000	2.000%				
			11/15/15	110,000	2.000%				
			11/15/16	115,000	2.000%				
			11/15/17	120,000	2.000%				
			11/15/18	125,000	2.000%				
			11/15/19	135,000	2.000%				
			11/15/20	140,000	2.250%				
			11/15/21	150,000	2.500%				
			11/15/22	155,000	2.750%				
			11/15/24	340,000	3.270%				
			11/15/26	380,000	3.500%				
			Total						
						Refunded	\$ 5,438,000.00	\$ 5,438,000.00	
						Cash Received	2,087,000.00		
						Budget Appropriation		5,245,000.00	
							\$ 7,525,000.00	\$ 10,683,000.00	

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule Of Green Acres Trust Fund Loan Payable
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 1,771,144.15
Increased by:	
Cash received	<u>1,771,144.15</u>
Decreased by:	
Paid by Budget Appropriation	<u>123,962.63</u>
Balance December 31, 2012	<u>\$ 1,647,181.52</u>

Analysis of Balance, December 31, 2012

Project	Amount
Hickstown Road Development	\$ 297,284.10
Erial Park	39,949.69
Hickstown Road Land Acquisition	63,908.95
Lake Mathilda Acquisition	225,963.83
Hickstown Road Development	75,603.70
Hickstown Road Development	213,817.77
Hickstown Road Development	400,556.69
Hickstown Road Development	<u>330,096.79</u>
	<u>\$ 1,647,181.52</u>

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Schedule Of NJ Environmental Trsut Fund Fund Loan Payable
For the Year Ended December 31, 2012

Balance December 31, 2011	
Increased by:	
Loan Awarded	\$ 2,017,186.00
	<u>2,017,186.00</u>
Decreased by:	
Paid by Budget Appropriation	
	<u> </u>
Balance December 31, 2012	<u>\$ 2,017,186.00</u>

Analysis of Balance, December 31, 2012

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 100,776.28	\$ 17,623.36
2014	100,788.28	17,311.14
2015	100,809.28	16,840.56
2016	100,837.28	16,212.64
2017	100,870.28	15,429.54
2018 - 2031	<u>1,513,104.60</u>	<u>113,731.84</u>
	<u>\$ 2,017,186.00</u>	<u>\$ 197,149.08</u>

TOWNSHIP OF GLOUCESTER

GENERAL CAPITAL FUND

Statement of Bonds And Notes Authorized But Not Issued
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance December 31, 2011	Authorized	Prior Issued Bond Anticipation Note Canceled	Issued - Bond Anticipation Notes	Issued - Serial Bonds	Issued - NJEIT	Balance December 31, 2012
00-19	Various capital improvements	\$ 1,800.00						\$ 1,800.00
02-34	Acquisition of various vehicles	951.00						951.00
03-26	Acquisition of vehicles	119.00						119.00
04-19	Acquisition of vehicles	133.00						133.00
04-26	Acquisition of vehicles	228.00						228.00
05-14	Various capital improvements	69.00						69.00
07-24	Various capital improvements	217.00						217.00
09-12	Various capital improvements	254,070.00						254,070.00
09-17	Various capital improvements	2,500,000.00					\$ 2,017,186.00	482,814.00
09-15	Various capital improvements	481,345.00						481,345.00
09-21	Various capital improvements	60,121.00						60,121.00
10-17	Construction of street hockey rinks	40,000.00						40,000.00
11-16	Landfill Closure Costs			\$ 31.00				31.00
11-21	Acquisition of Four Wheel Drive Vehicle	518,225.00						518,225.00
12-06	Various capital improvements		\$ 5,118,964.00		\$ 5,116,117.00			2,847.00
12-07	Energy Savings Improvement Program		2,250,000.00			\$ 1,985,000.00		265,000.00
12-12	Various Building Improvement		874,000.00					874,000.00
12-28	Drainage Improvements		2,155,990.00					2,155,990.00
12-29	Various capital improvements		5,263,579.00					5,263,579.00
		<u>\$3,857,278.00</u>	<u>\$ 15,662,533.00</u>	<u>\$ 31.00</u>	<u>\$ 5,116,117.00</u>	<u>\$ 1,985,000.00</u>	<u>\$ 2,017,186.00</u>	<u>\$ 10,401,539.00</u>

TOWNSHIP OF GLOUCESTER

PART II

Single Audit Section

For the Year Ended December 31, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Gloucester
County of Camden
Blackwood, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Township of Gloucester's in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Township's major federal programs for the year ended December 31, 2012. The Township's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Township of Gloucester is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Gloucester's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 4, 2013

TOWNSHIP OF GLOUCESTER
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Program Funds Received	Grant Period		Balance Decemebr 31, 2011	Revenue Realized	Adjustments	Disbursements/ Expenditures	Balance Decemebr 31, 2012
				From	To					
U.S. Department of Justice										
Bulletproof Vest Partnership Grant										
2011 Year	16.607	\$ 25,010.00	\$ 15,650.00	01/01/11	12/31/11	\$ 9,360.00			\$ 9,360.00	
2012 Year	16.607	19,380.00		01/01/12	12/31/12		\$ 19,380.00		4,252.38	\$ 15,127.62
Justice Assistance Grant	16.738	23,976.00		01/01/12	12/31/12		23,976.00		23,976.00	
Total U.S. Department of Criminal Justice						9,360.00	43,356.00	-	37,588.38	15,127.62
U.S. Department of Homeland Security										
Emergency Management Grant										
2011 Year	97.042	5,000.00	5,000.00	01/01/11	12/31/11	6,385.24			6,385.24	
2012 Year	97.042	5,000.00	5,000.00	01/01/12	12/31/12		5,000.00		5,000.00	
Total U.S. Department of Homeland Security						6,385.24	5,000.00	-	11,385.24	-
U.S. Department of Transportation										
Passed through New Jersey State Department of Transportation										
Highway Planning and Construction:										
2006 Year	20.205	281,000.00	253,277.58	N/A	N/A	125.45				125.45
2007 Year - Peters Lane	20.205	163,000.00	37,867.70	N/A	N/A	13,837.30				13,837.30
2010 Year - Bike Path VIII	20.205	225,000.00	183,222.60	N/A	N/A	61,869.31		\$ (20,091.91)		41,777.40
2010 Year - Davistown Road	20.205	160,890.00	160,890.00	N/A	N/A	64,928.05		(64,885.55)	62.50	-
2011 Year - Davistown Road	20.205	200,856.00	55,480.98	N/A	N/A	200,856.00		(55,480.98)		145,375.02
2012 Year - Garwood Road	20.205	412,600.00	232,593.35	N/A	N/A		412,600.00		373,736.72	38,863.28
School Transportation Safety Initiative:										
2010 Year	20.600	6,877.00	6,877.00	10/31/09	10/31/10	6,877.00				6,877.00
2009 Year	20.600	14,000.00	14,000.00	10/31/08	10/31/09	12,992.62				12,992.62
Click It or Ticket										
2011 Year	20.602	4,000.00	4,000.00	01/01/11	12/31/11	4,000.00			4,000.00	-
2012 Year	20.602	4,000.00	4,000.00	01/01/12	12/31/12		4,000.00			4,000.00
Over the Limit, Under Arrest										
2012 Year	20.601	5,000.00	5,000.00	01/01/12	12/31/12		5,000.00		5,000.00	-
2011 Year	20.601	9,150.00	9,150.00	01/01/11	12/31/11	9,150.00			9,150.00	-
Drive Sober or Get Pulled Over										
2012 Year	20.601	4,400.00	4,400.00	01/01/12	12/31/12		4,400.00			4,400.00
Data Collection Grant:										
2009 Year	20.600	29,405.00	21,373.86	10/31/08	10/31/09	29,405.00		(8,031.14)		21,373.86
2008 Year	20.600	29,405.00	29,405.00	10/31/07	10/31/08	6,606.88				6,606.88
Total U.S. Department of Transportation						410,647.61	426,000.00	(148,469.58)	391,949.22	296,228.81
U.S. Department of Energy										
ARRA - Energy Efficiency and Conservation Block	81.128	564,900.00	520,396.51	11/16/09	11/15/12	72,616.72			72,616.72	
Total U.S. Department of Energy						72,616.72	-	-	72,616.72	-

(Continued)

TOWNSHIP OF GLOUCESTER
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Program Funds Received	Grant Period		Balance Decemebr 31, 2011	Revenue Realized	Adjustments	Disbursements/ Expenditures	Balance Decemebr 31, 2012
				From	To					
U.S. Department of Housing and Urban Development										
Community Development Block Grant:										
Metro Cities 11/12	14.218	\$ 312,894.00	\$ 295,495.60	07/01/11	Indefinite	\$ 312,894.00			\$ 240,057.52	\$ 72,836.48
Metro Cities 10/11	14.218	376,580.00	376,580.00	07/01/10	Indefinite	53,854.52			53,854.52	-
Metro Cities 12/13	14.218	264,078.00		07/01/12	Indefinite		264,078.00			264,078.00
Metro Cities 09/11	14.218	349,913.00	349,913.00	07/01/09	Indefinite		31,305.94		31,305.94	-
(Passed thru the County of Camden):										
Community Development Block Grant -										
Home Consortium - 2011	14.218	50,000.00	50,000.00	07/01/11	Indefinite	41,970.00			38,090.00	3,880.00
Home Consortium - 2012	14.218	40,000.00		07/01/12	Indefinite		40,000.00			40,000.00
Home Consortium - 2008	14.218	37,472.00	37,472.00	07/01/08	Indefinite		201.00		201.00	-
Home Consortium - 2007	14.218	102,037.00	51,099.00	07/01/07	Indefinite		50,938.00		50,938.00	-
Total U.S. Department of Housing and Urban Development						408,718.52	388,522.94		414,446.98	380,794.48
Total Federal Awards						\$ 907,728.09	\$ 860,878.94	\$ (148,469.58)	\$ 927,986.54	\$ 692,150.91

Analysis of Balance December 31, 2012

Federal and State Grant Funds:		
Appropriated Reserves		\$ 307,356.43
Unappropriated Reserves		4,000.00
Trust -- Other Fund:		
Community Development Block Grant -- Metro Cities 2011/12		72,836.48
Community Development Block Grant -- Metro Cities 2012/13		264,078.00
Community Development Block Grant -- Home Consortium 2011		3,880.00
Community Development Block Grant -- Home Consortium 2012		40,000.00
Total		\$ 692,150.91

The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF GLOUCESTER
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2012

<u>State Grantor/Program Title</u>	<u>State GMIS Number</u>	<u>Program or Award Amount</u>	<u>Program Funds Received</u>	<u>Grant Period</u>		<u>Balance December 31, 2011</u>	<u>Revenue Realized</u>	<u>Disbursements/ Expenditures</u>	<u>Adjustments</u>	<u>Balance December 31, 2012</u>
				<u>From</u>	<u>To</u>					
State Department of Law and Public Safety										
Safe and Secure Communities Program:										
Year 2012	1020-789-066-1020	\$ 90,000.00	\$ 54,435.00	01/01/12	12/31/12		\$ 90,000.00	\$ 90,000.00		-
Drunk Driving Enforcement Grant:										
Year 2012	1110-448-031020-220040	15,443.34	15,443.34	01/01/12	12/31/12		15,443.34	12,606.55		\$ 2,836.79
Year 2011	1110-448-031020-220040	26,445.42	26,445.42	01/01/11	12/31/11	\$ 15,468.87		15,468.87		-
Civil Defense Preparedness:										
Year 2009	100-066-1200-726	5,000.00	-	01/01/09	12/31/09	1,101.78				1,101.78
Exercise Improvement Award Grant										
	Not Available	14,886.34	14,886.34	01/01/12	12/31/12	11.20	14,886.34	13,573.50		1,324.04
Body Armor Replacement Fund:										
Year 2012	1020-718-066-1020	10,482.49	10,482.49	01/01/12	12/31/12		10,482.49			10,482.49
Year 2011	1020-718-066-1020	9,787.62	9,787.62	01/01/11	12/31/11	9,787.62		9,787.62		-
Total State Department of Law and Public Safety						26,369.47	130,812.17	141,436.54	-	15,745.10
State Office of Information Technology										
Enhanced 911 Program	2034-100-082-05-G04-072	60,960.00	60,960.00	01/01/09	12/31/09	20,620.28		14,464.87		6,155.41
Total State Office of Information Technology						20,620.28	-	14,464.87	-	6,155.41
State Department of Treasury										
Municipal Alliance Grant:										
Year 2012	2000-475-995-120-60	41,558.00	40,663.00	01/01/12	12/31/12		41,558.00			41,558.00
Year 2011	2000-475-995-120-60	41,558.00	41,558.00	01/01/11	12/31/11	30,237.17		28,678.89		1,558.28
Records Management PARIS grant	2545-100-074-6110-033	19,305.00	19,305.00	07/01/08	06/30/09	19,305.00			\$ (19,305.00)	-
Summer Youth Program	Not Available	14,000.00	14,000.00	07/01/04	12/31/05	14,000.00			(14,000.00)	-
Green Acres Trust - (Passed through NJ Economic Development Authority):										
Hazardous Discharge and Site Remediation	69-022-1644	47,154.00	47,154.00	01/01/05	12/31/05	28,835.45				28,835.45
Total State Department of Treasury						92,377.62	41,558.00	28,678.89	(33,305.00)	71,951.73

(Continued)

TOWNSHIP OF GLOUCESTER
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2012

State Grantor/Program Title	State GMS Number	Program or Award Amount	Program Funds Received	Grant Period		Balance December 31, 2011	Revenue Realized	Disbursements/ Expenditures	Adjustments	Balance December 31, 2012
				From	To					
State Department of Community Affairs										
Camden County Veterans Park	Not Available	\$ 25,000.00	\$ 25,000.00	01/01/09	12/31/09	\$ 25,000.00				\$ 25,000.00
Camden County Open Space	Not Available	100,000.00	-	01/01/11	12/31/11	100,000.00				100,000.00
Sustainable Jersey Grant	Not Available	10,000.00	5,000.00	01/01/12	12/31/12		\$ 10,000.00			10,000.00
NJ DCA Smart Future Planning -										
Blackwood/Clementon Commercial Center	8020-100-022-8070-039-6120	94,360.13	94,360.13	01/01/08	12/31/08	94,360.13				94,360.13
Blackwood/Clementon Commercial Center	8020-100-022-8070-039-6120	58,000.00	56,000.00	01/01/06	12/31/07	2,131.10				2,131.10
Green Communities	10-100-042-4870-038	3,000.00	-	01/01/11	12/31/11	3,000.00				3,000.00
Domestic Violence	2009-100-022-8030-803-PT-6020	376.00	376.00	09/01/08	06/30/09	376.00			\$ (376.00)	-
Domestic Violence	2007-100-022-8030-803-PT-6020	5,755.17	5,755.17	09/01/06	06/30/07	476.34				476.34
Total State Department of Community Affairs						225,343.57	10,000.00	-	(376.00)	234,967.57
State Department of Traffic and Highway Safety										
Camden County Sobriety Check Point	Not Available	4,247.73	4,247.73	01/01/11	12/31/11	4,247.73		\$ 2,500.00		1,747.73
Total State Department of Traffic and Highway Safety						4,247.73	-	2,500.00	-	1,747.73
State Department of Health										
Communicable Diseases Services:										
Hepatitis B	100-045-5230-241	5,000.00	5,000.00	01/01/03	12/31/03	1,730.00				1,730.00
Total State Department of Health						1,730.00	-	-	-	1,730.00
State Department of Environmental Protection										
NJ Environmental Infrastructure Trust										
Year 2012	4850-500-840010-60	2,017,186.00		01/01/12	12/31/12		2,017,186.00		(2,017,186.00)	-
Clean Communities Program:										
Year 2012	4900-765-178900-60	93,452.04	93,452.04	01/01/12	12/31/12		93,452.04	23,740.98		69,711.06
Year 2011	4900-765-178900-60	95,029.82	95,029.82	01/01/11	12/31/11	68,981.83		68,981.83		-
Total State Department of Environmental Protection						68,981.83	2,110,638.04	92,722.81	(2,017,186.00)	69,711.06
Total State Financial Assistance						\$ 439,670.50	\$ 2,293,008.21	\$ 279,803.11	\$ (2,050,867.00)	\$ 402,008.60

Analysis of Balance December 31, 2012

Current Fund		
Reserve for Federal and State Grants - Appropriated		\$ 387,650.38
Reserve for Federal and State Grants - Unappropriated		14,358.22
Total		\$ 402,008.60

The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

Township of Gloucester

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012**

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Township of Gloucester, County of Camden, State of New Jersey. The Township is defined in the Notes to the Financial Statements, Note 1.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements. Expenditures from awards are reported in the Township's financial statements as follows:

Fund	Federal	State	Total
Grant Fund	\$ 513,539.56	\$ 279,803.11	\$ 793,342.67
Trust Fund	414,446.98		414,446.98
Total	\$ 927,986.54	\$ 279,803.11	\$ 1,207,789.65

NOTE 4. MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

NOTE 5. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal	State
Cancellation of Grant	\$ 148,469.58	\$ 33,681.00
Reimbursement of Prior Year Grant Expenditures		2,017,186.00
Total	\$ 148,469.58	\$2,050,867.00

TOWNSHIP OF GLOUCESTER

PART III

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

TOWNSHIP OF GLOUCESTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Section 1 -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

Material weaknesses identified? _____ yes _____ X no

Were significant deficiencies identified that were not considered to be a material weakness? _____ yes _____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Dollar threshold used to determine Type A programs _____ \$ 300,000 _____

Auditee qualified as low-risk auditee? _____ yes _____ X no

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

Internal Control over compliance:

Material weaknesses identified? _____ yes _____ X no

Were significant deficiencies identified that were not considered to be a material weakness? _____ yes _____ X none reported

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

Identification of major programs:

CFDA Number(s)
_____ 20.205 _____

Name of Federal Program or Cluster
_____ Highway Planning and Construction Grants _____

(Continued)

TOWNSHIP OF GLOUCESTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
For the Year Ended December 31, 2012

Section 1 -- Summary of Auditor's Results (Cont'd)

State Financial Assistance

(This Section Not Applicable)

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

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

Internal Control over compliance:

Material weaknesses identified? _____ yes _____ no

Were significant deficiencies identified that were not considered to be a material weakness? _____ yes _____ none reported

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? _____ yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

TOWNSHIP OF GLOUCESTER

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012**

Section 2 – Schedule of Financial Statement Findings

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

None

TOWNSHIP OF GLOUCESTER
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FEDERAL AWARDS

No Current Year Findings

STATE FINANCIAL ASSISTANCE

This Section Not Applicable

TOWNSHIP OF GLOUCESTER

**Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management**

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

FINANCIAL STATEMENT FINDINGS

No prior year findings.

FEDERAL AWARDS

No prior year findings.

STATE FINANCIAL ASSISTANCE PROGRAMS

A state single audit was not required.

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>	
David R. Mayer	Mayor		
Glen V. Bianchini	President of Council		
Orlando Mercado	Vice - President of Council		
Tracey Trotto	Councilperson		
Samuel Siler	Councilperson		
Franklin T. Schmidt	Councilperson		
Michelle Winters	Councilperson		
Daniel Hutchison	Councilperson		
Rosemary DiJosie	Township Clerk, Officer for Searches for Municipal Liens	\$	100,000
Nancy Power	Assistant Township Clerk	\$	100,000
Thomas C. Cardis	Township Administrator	\$	20,000
Sandra Ferguson	Tax Collector, Tax Search Officer	\$	410,000
Christie Ehret	Chief Financial Officer, Treasurer	\$	283,000
David Carlamere	Solicitor		
Nicholas Trabosh	Magistrate	\$	100,000
Patricia Carroll	Municipal Court & Violations Clerk	\$	100,000
Peggy Monahan	Deputy Court Clerk	\$	100,000

- A** Employees are covered by a public employees honesty blanket bond with the St. Paul Insurance Company in the amount of \$100,000.
- B** Western Surety Company
- C** Employees are covered by a public employees honesty blanket bond with the Western Surety Company in the amount of \$100,000.

Acknowledgment

We received the complete cooperation of all the officials of the Township of Gloucester and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

April 4, 2013