

**TOWNSHIP OF COMMERCIAL
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR 2012**

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TOWNSHIP OF COMMERCIAL
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Commercial
Port Norris, NJ 08349

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 Commercial, in the County of Cumberland, 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 from material misstatement.

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

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

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

As 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 Commercial, in the County of Cumberland, 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 Commercial, in the County of Cumberland, 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 15, 2013 on our consideration of the Township of Commercial's, in the County of Cumberland, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Commercial's internal control over financial reporting.

Respectfully submitted,


BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants


Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 15, 2013

**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 Commercial
Port Norris, NJ 08349

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and 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 Commercial, in the County of Cumberland, 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 15, 2013. That report indicated that the Township of Commercial's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Commercial'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 Township of Commercial's internal control.

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Recommendations that we consider to be significant deficiencies: 2012-1 and 2012-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Commercial's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations as items 2012-1 and 2012-2.

The Township of Commercial's Response to Findings

The Township of Commercial's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A. McAllister

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 15, 2013

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2012 and 2011

	Ref.	2012	2011
Assets:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 1,882,608.73	\$ 1,314,711.16
Cash - Tax Collector	SA-2	232,468.28	269,665.11
Cash - Clerk	SA-3	3,817.18	31,860.40
Cash - Change Fund	SA-4	550.00	400.00
Due From State of New Jersey - Veterans and Senior Citizens Deductions	SA-8	7,996.44	10,148.56
		<u>2,127,440.63</u>	<u>1,626,785.23</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	417,702.63	416,744.42
Tax Title Liens Receivable	SA-6	470,242.36	381,758.28
Property Acquired / Assessed Valuation	SA-7	876,000.00	2,310,150.00
Revenue Accounts Receivable	SA-9	3,457.13	1,758.82
Due from Federal, State and Other Grants Fund	SA-23	82,246.33	219,483.50
Due from Animal Control Fund	SB-3	6,072.04	6,860.45
		<u>1,855,720.49</u>	<u>3,336,755.47</u>
Deferred Charges:			
Special Emergency Appropriation N.J.S.A. 40A:4-55	SA-11	68,000.00	132,000.00
Overexpenditure of Appropriation Reserve	SA-10		3,060.97
Emergency Appropriation	SA-10		10,000.00
		<u>68,000.00</u>	<u>145,060.97</u>
		<u>4,051,161.12</u>	<u>5,108,601.67</u>
Federal, State and Other Grant Fund:			
Grants Receivable	SA-24	1,356,534.17	876,730.60
		<u>\$ 5,407,695.29</u>	<u>\$ 5,985,332.27</u>

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2012 and 2011

	Ref.	2012	2011
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-12	\$ 309,276.91	\$ 309,829.70
Reserve for Encumbrances	A-3;SA-12	112,107.65	72,155.02
Accounts Payable	A	3,270.63	3,270.63
Prepaid Taxes	SA-13	83,474.90	123,079.62
Tax Overpayments	SA-14	880.10	2,516.88
Reserve for Garden State Preservation Trust	SA-15	73,093.00	73,093.00
Reserve for Codification of Ordinances	A	6,384.67	6,384.67
Due to County for Added and Omitted Taxes	SA-17	8,369.94	12,524.55
Due to Local School District	SA-18	127,940.50	101,481.00
Due to State of New Jersey:			
Marriage Fees	SA-20	-	125.00
Uniform Construction Code Fees	SA-22	300.00	230.00
Reserve for Revaluation Program	A	347.80	347.80
Reserve for Land Sales	A	223.00	223.00
Due to Trust Other Fund	SB-6	4,000.42	7,122.19
Due to General Capital Fund	SC-2	155,014.99	25,838.29
Special Emergency Note	SA-21	60,000.00	110,700.00
		<u>944,684.51</u>	<u>848,921.35</u>
Reserves for Receivables	A	1,855,720.49	3,336,755.47
Fund Balance	A-1	<u>1,250,756.12</u>	<u>922,924.85</u>
		<u>4,051,161.12</u>	<u>5,108,601.67</u>
Federal, State and Other Grant Fund:			
Due to Current Fund	SA-23	82,246.33	219,483.50
Reserves for Federal and State Grants:			
Reserve for Encumbrances	SA-26	8,636.46	170,334.20
Reserve for Contracts Payable	SA-27	366,198.00	
Unappropriated	SA-25	9,349.73	12,713.72
Appropriated	SA-26	890,103.65	474,199.18
		<u>1,356,534.17</u>	<u>876,730.60</u>
		<u>\$ 5,407,695.29</u>	<u>\$ 5,985,332.27</u>

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

**TOWNSHIP OF COMMERCIAL
CURRENT FUND**

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	2012	2011
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 312,500.00	\$ 159,000.00
Miscellaneous Revenues Anticipated	2,061,904.04	1,958,023.68
Receipts from Delinquent Taxes	391,180.03	331,614.47
Receipts from Current Taxes	6,268,969.88	6,395,689.48
Non-budget Revenues	77,120.20	114,808.78
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	253,963.26	201,657.58
Interfund Returned	138,025.58	249,273.86
Statutory Excess - Animal Control Fund	2,102.82	2,535.34
Cancellation of Grant Reserves	150,000.00	209,504.99
Cancellation of Tax Overpayments	1,317.19	501.42
	<u>9,657,083.00</u>	<u>9,622,609.60</u>
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Salaries and Wages	683,347.00	616,457.00
Other Expenses	1,567,473.00	1,473,902.00
Deferred Charges and Statutory Expenditures	133,914.97	169,726.97
Appropriations Excluded from "CAPS":		
Other Expenses	1,102,900.79	801,008.79
Capital Improvements	40,000.00	210,000.00
Municipal Debt Service	210,683.99	210,944.00
Special Emergency Deferred Charges	74,000.00	69,300.00
Transferred to Boards of Education	5,735.00	5,987.00
County Taxes	2,472,557.83	2,684,929.43
Due County for Added and Omitted Taxes	8,369.94	12,524.55
Local District School Tax	1,839,984.00	1,802,468.50
Special District Taxes	723,013.00	703,425.00
Cancellation of Grants Receivable	150,000.00	332,928.92
Overexpenditure of Appropriation Reserves		3,060.97
Refund of Prior Year Revenues	1,272.21	153.84
Senior Citizen and Veterans Deduction Disallowed	3,500.00	29,200.00
	<u>9,016,751.73</u>	<u>9,126,016.97</u>
Excess in Revenues (Carried Forward)	640,331.27	496,592.63

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Excess in Revenues (Brought Forward)	\$ 640,331.27	\$ 496,592.63
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		<u>13,060.97</u>
Statutory Excess of Fund Balance	640,331.27	509,653.60
Fund Balance January 1	<u>922,924.85</u>	<u>572,271.25</u>
	1,563,256.12	1,081,924.85
Decreased by: Utilization as Anticipated Revenue	<u>312,500.00</u>	<u>159,000.00</u>
Fund Balance December 31	<u>\$ 1,250,756.12</u>	<u>\$ 922,924.85</u>

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 312,500.00	\$	\$ 312,500.00	\$
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	\$ 42,000.00	\$	\$ 45,111.41	\$ 3,111.41
Interest and Costs on Taxes	50,000.00		69,420.59	19,420.59
Interest on Investments and Deposits	10,000.00		9,835.80	(164.20)
Rental Property - NJ State Police Barrack	92,722.00		102,375.00	9,653.00
Rental Property - Post Office	40,880.00		40,880.04	0.04
Salt Mining Annual Fee	51,331.25		54,958.25	3,627.00
Rental Registrations	30,000.00		46,500.00	16,500.00
Cable Franchise Fees	14,000.00		14,835.38	835.38
Nextel Tower Rental	23,000.00		24,371.88	1,371.88
Consolidated Municipal Property Tax Relief Aid	48,642.00		48,642.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	412,571.00		412,571.00	
Garden State Trust	73,093.00		73,093.00	
Uniform Construction Codes Fees	42,600.00		28,234.90	(14,365.10)
Public and Private Revenues Offset With Appropriations:				
N.J. Transportation Trust Fund Authority Act		173,000.00	173,000.00	
Clean Communities	13,348.07		13,348.07	
Municipal Alliance on Alcoholism and Drug Abuse	5,000.00		5,000.00	
Hazard Mitigation Grant Program - Laurel Lake Project	511,163.00		511,163.00	
NJDEP Berry Ave Flood Control Structure	70,000.00	180,000.00	250,000.00	
NJDEP Bivalve Station Shore Protection Improvements	75,000.00	40,050.00	115,050.00	
Recycling Tonnage Grants	11,753.97		11,753.97	
JIF Safety Awards Program	1,759.75		1,759.75	
Other Special Items:				
General Capital Fund Operating Surplus of Prior Year	10,000.00		10,000.00	
	<u>1,628,864.04</u>	<u>393,050.00</u>	<u>2,061,904.04</u>	<u>39,990.00</u>
Receipts from Delinquent Taxes	<u>300,000.00</u>		<u>391,180.03</u>	<u>91,180.03</u>
Subtotal General Revenues	2,241,364.04	393,050.00	2,765,584.07	131,170.03
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>1,714,115.51</u>		<u>1,755,519.90</u>	<u>41,404.39</u>
Budget Totals	3,955,479.55	393,050.00	4,521,103.97	172,574.42
Nonbudget Revenues			<u>77,120.20</u>	<u>77,120.20</u>
	<u>\$ 3,955,479.55</u>	<u>\$ 393,050.00</u>	<u>\$ 4,598,224.17</u>	<u>\$ 249,694.62</u>

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

Analysis of Realized Revenue:Allocation of Current Tax Collections:

Revenue from Collections	\$ 6,268,969.88
Allocated to:	
School, County, and Special District Taxes	<u>5,043,924.77</u>
Balance for Support of Municipal Budget Revenues	1,225,045.11
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>530,474.79</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,755,519.90</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 336,516.10
Tax Title Lien Collections	<u>54,663.93</u>
	<u><u>\$ 391,180.03</u></u>

Analysis of Non-Budget Revenue:

Township Clerk:

Copies/Maps/Etc.	\$ 48.15	
Registrar	471.00	
ABC License Renewal	2,300.00	
Property Lists	160.00	
Assessment Searches	30.00	
Tires	490.00	
Site Plan Application	2,375.00	
Refrigerators	90.00	
Equipment Sale	8,240.00	
Miscellaneous Clerk	<u>1,562.45</u>	
		\$ 15,766.60
Revenue Accounts Receivable:		
POAA Fees	110.00	
Zone Applications	2,165.50	
Certificate of Occupancy	<u>6,306.90</u>	
		8,582.40
Due from Animal Control Fund:		
Cat License Fees		574.00

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2012

Analysis of Non-Budget Revenue (Cont'd):

Treasurer:

Senior Citizens and Veterans Administrative Fee	\$	1,824.12	
Homestead Rebate Administrative Fee		468.00	
Outstanding Checks Canceled		65.00	
FEMA Hurricane Irene Reimbursements		49,583.08	
Miscellaneous		150.00	
			\$ 52,090.20

Tax Collector:

Duplicate Tax Bills		7.00	
Tax Search Fees		40.00	
NSF Checks		60.00	
			107.00
			\$ 77,120.20

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Other Expenses	\$ 51,400.00	\$ 43,700.00	\$ 22,022.62	\$ 157.25	\$ 21,520.13	\$
Mayor and Committee:						
Salaries and Wages	28,370.00	28,370.00	28,362.96		7.04	
Other Expenses	5,000.00	5,000.00	1,759.05		3,240.95	
Municipal Clerk:						
Salaries and Wages	98,798.00	98,798.00	92,927.28		5,870.72	
Other Expenses	21,500.00	21,500.00	15,203.97	809.30	5,486.73	
Financial Administration - Treasury:						
Salaries and Wages	25,000.00	25,000.00	14,999.66		10,000.34	
Other Expenses	10,500.00	10,500.00	6,928.74	485.39	3,085.87	
Audit Services:						
Other Expenses	27,750.00	27,750.00	27,500.00		250.00	
Data Processing Center:						
Other Expenses	17,000.00	17,000.00	6,569.19	720.00	9,710.81	
Revenue Administration - Tax Collection:						
Salaries and Wages	61,500.00	61,500.00	46,498.72		15,001.28	
Other Expenses	19,500.00	19,500.00	13,244.18	1,043.90	5,211.92	
Tax Title Lien Manager:						
Other Expenses	45,000.00	45,000.00	14,033.23	25,237.26	5,729.51	
Tax Assessment Administration:						
Salaries and Wages	25,340.00	25,340.00	23,940.66		1,399.34	
Other Expenses	21,300.00	21,300.00	15,143.11	1,627.60	4,529.29	
Reserve for Tax Appeals	1,000.00	1,000.00			1,000.00	
Legal Services:						
Other Expenses	45,000.00	45,000.00	43,745.06	1,254.94	0.00	
Engineering Services:						
Other Expenses	17,000.00	24,000.00	14,946.71		9,053.29	
Municipal Court:						
Salaries and Wages	70,090.00	71,590.00	71,025.52		564.48	
Other Expenses	10,340.00	8,840.00	4,457.66	259.21	4,123.13	

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
GENERAL GOVERNMENT FUNCTIONS:						
Public Defender:						
Salaries and Wages	\$ 8,067.00	\$ 8,067.00	\$	\$	8,067.00	\$
Municipal Land Use Law (N.J.S.A 40:55D-1):						
Planning Board:						
Salaries and Wages	4,700.00	4,700.00	4,143.95		556.05	
Other Expenses	6,000.00	6,000.00	1,111.74	85.68	4,802.58	
SANITATION:						
Public Buildings and Grounds:						
Other Expenses	154,600.00	164,600.00	129,558.54	18,036.00	17,005.46	
Garbage and Trash Removal:						
Other Expenses	276,000.00	276,000.00	247,500.00	22,500.00	6,000.00	
Sanitary Landfill:						
Other Expenses:						
Miscellaneous Other Expenses	193,000.00	181,000.00	133,569.48	9,266.75	38,163.77	
Sanitary Sluice and Ditch:						
Other Expenses	10,000.00	10,000.00		5,000.00	5,000.00	
PUBLIC SAFETY FUNCTIONS:						
Office Of Emergency Management:						
Other Expenses	2,350.00	4,350.00	2,452.51		1,897.49	
Court Professionals:						
Salaries and Wages	9,737.00	9,737.00	9,735.60		1.40	
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries and Wages	233,500.00	233,500.00	205,914.12		27,585.88	
Other Expenses	76,000.00	76,000.00	48,668.35	12,130.21	15,201.44	
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Senior Center:						
Salaries and Wages	7,975.00	8,675.00	8,448.88		226.12	
Other Expenses	3,400.00	3,400.00	1,628.03	68.97	1,703.00	

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
HEALTH AND HUMAN SERVICES FUNCTIONS (CONT'D):						
Dog Regulation:						
Other Expenses	\$ 30,500.00	\$ 30,500.00	\$ 28,477.36	\$ 1,126.00	\$ 896.64	\$
Environmental Commission						
Other Expenses	1,000.00	1,000.00	372.00		628.00	
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Other Expenses	3,500.00	3,500.00	1,340.88		2,159.12	
Maintenance of Parks:						
Other Expenses	2,500.00	2,500.00	1,125.00		1,375.00	
Library Operations:						
Salaries and Wages	4,500.00	4,500.00	4,494.40		5.60	
Other Expenses	3,100.00	3,100.00			3,100.00	
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	3,338.00	3,338.00	361.00		2,977.00	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	32,000.00	29,000.00	24,955.77	1,535.51	2,508.72	
Street Lighting	70,000.00	73,000.00	63,074.12	7,357.24	2,568.64	
Telephone	22,000.00	22,000.00	17,925.28	858.59	3,216.13	
Natural Gas	15,000.00	15,000.00	8,167.09	1,245.62	5,587.29	
Gasoline and Diesel Fuel	27,000.00	27,000.00	24,794.16	441.23	1,764.61	
Insurance:						
Liability Insurance	17,800.00	17,800.00	15,019.80		2,780.20	
Workers Compensation	40,000.00	40,000.00	32,771.20		7,228.80	
Group Insurance Plans for Employees	236,045.00	236,045.00	216,056.95		19,988.05	
Accumulated Sick Leave	25,000.00	25,000.00	25,000.00			
MATCHING FUNDS FOR GRANTS:						
NJDEP Shore Project - Bivalve Shore Protection Improvements	18,750.00	18,750.00	18,750.00			

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
<u>OPERATIONS WITHIN "CAPS" (CONT'D):</u>						
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official:						
Salaries and Wages	\$ 58,035.00	\$ 58,035.00	\$ 57,711.49	\$	\$ 323.51	\$
Other Expenses	3,200.00	3,200.00	1,897.39		1,302.61	
Housing Inspector:						
Salaries and Wages	45,035.00	45,535.00	45,511.89		23.11	
Other Expenses	5,800.00	5,300.00	3,218.48		2,081.52	
Total Operations Within "CAPS"	<u>2,250,820.00</u>	<u>2,250,820.00</u>	<u>1,847,063.78</u>	<u>111,246.65</u>	<u>292,509.57</u>	<u>-</u>
Detail:						
Salaries and Wages	680,647.00	683,347.00	613,715.13	-	69,631.87	-
Other Expenses	1,570,173.00	1,567,473.00	1,233,348.65	111,246.65	222,877.70	-
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
DEFERED CHARGES:						
Overexpenditure of Appropriation Reserve	3,060.97	3,060.97	3,060.97			
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System of NJ	73,754.00	73,754.00	73,754.00			
Social Security System (O.A.S.I.)	57,000.00	57,000.00	46,232.66		10,767.34	
Unemployment Compensation	100.00	100.00	100.00			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	<u>133,914.97</u>	<u>133,914.97</u>	<u>123,147.63</u>	<u>-</u>	<u>10,767.34</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>2,384,734.97</u>	<u>2,384,734.97</u>	<u>1,970,211.41</u>	<u>111,246.65</u>	<u>303,276.91</u>	<u>-</u>
<u>OPERATIONS EXCLUDED FROM "CAPS" :</u>						
Recycling Tax	6,000.00	6,000.00			6,000.00	
Group Insurance Plans for Employees	13,955.00	13,955.00	13,955.00			
Interlocal Municipal Service Agreements:						
SFSP Fire District Payment	1,871.00	1,871.00	1,010.00	861.00		

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONT'D):</u>						
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>						
NJ Department of Environmental Protection:						
Clean Communities	\$ 13,348.07	\$ 13,348.07	\$ 13,348.07	\$	\$	
Municipal Alliance for Alcohol and Drug Abuse	5,000.00	5,000.00	5,000.00			
Hazard Mitigation Grant Program - Laurel Lake Project	511,163.00	511,163.00	511,163.00			
NJDEP - Berry Ave Flood Control Structure	70,000.00	250,000.00	250,000.00			
NJDEP - Bivalve Station Shore Protection Improvements	75,000.00	115,050.00	115,050.00			
NJDOT Doris Drive Phase IV		173,000.00	173,000.00			
Recycling Tonnage Grants	11,753.97	11,753.97	11,753.97			
JIF Safety Awards Program	1,759.75	1,759.75	1,759.75			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	709,850.79	1,102,900.79	1,096,039.79	861.00	6,000.00	-
Detail:						
Other Expenses	709,850.79	1,102,900.79	1,096,039.79	861.00	6,000.00	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Reserve for Laurel Lake Drainage Project	5,000.00	5,000.00	5,000.00			
Reserve for Berry Avenue Flood Control	25,000.00	25,000.00	25,000.00			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	40,000.00	40,000.00	40,000.00	-	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Anticipation Notes	180,000.00	180,000.00	180,000.00			
Interest on Notes	28,470.00	28,470.00	28,469.99			0.01
Interest on Special Emergency Notes	2,214.00	2,214.00	2,214.00			
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	210,684.00	210,684.00	210,683.99	-	-	0.01
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS":</u>						
Emergency Authorization	10,000.00	10,000.00	10,000.00			
Special Emergency Authorization	64,000.00	64,000.00	64,000.00			
TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"	74,000.00	74,000.00	74,000.00	-	-	-

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2012

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS" (CONT'D):</u>						
TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS	\$ 5,735.00	\$ 5,735.00	\$ 5,735.00	\$ _____	\$ _____	\$ _____
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,040,269.79</u>	<u>1,433,319.79</u>	<u>1,426,458.78</u>	<u>861.00</u>	<u>6,000.00</u>	<u>0.01</u>
SUBTOTAL GENERAL APPROPRIATIONS	3,425,004.76	3,818,054.76	3,396,670.19	112,107.65	309,276.91	0.01
RESERVE FOR UNCOLLECTED TAXES	<u>530,474.79</u>	<u>530,474.79</u>	<u>530,474.79</u>	_____	_____	_____
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,955,479.55</u>	<u>\$ 4,348,529.55</u>	<u>\$ 3,927,144.98</u>	<u>\$ 112,107.65</u>	<u>\$ 309,276.91</u>	<u>\$ 0.01</u>
Appropriation by 40A: 4-87 Budget		\$ 393,050.00 <u>3,955,479.55</u>				
		<u>\$ 4,348,529.55</u>				
Deferred Charges - Special Emergency			\$ 64,000.00			
Deferred Charges - Overexpenditure of Appropriation Reserves			3,060.97			
Deferred Charges - Emergency 40A:4-47			10,000.00			
Federal State and Other Grants Appropriated			1,081,074.79			
Due to Federal, State and Other Grant Fund Federal State and Other Grants Appropriated			48,750.00			
Transferred to Local School District Payable			5,735.00			
Due to Trust Other Fund - Unemployment Appropriation			100.00			
Due to General Capital Fund -- Capital Improvement Fund			10,000.00			
Reserve for Uncollected Taxes			530,474.79			
Disbursed			<u>2,173,949.43</u>			
			<u>\$ 3,927,144.98</u>			

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

**TOWNSHIP OF COMMERCIAL
TRUST FUND**

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2012 and 2011

	Ref.	2012	2011
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ 11,896.74	\$ 12,793.25
		<u>11,896.74</u>	<u>12,793.25</u>
Other Funds:			
Cash - Chief Financial Officer	SB-1	275,240.98	236,963.02
Cash - Tax Collector	SB-2	17,401.39	6,881.36
Due From Current Fund	SB-6	4,000.42	7,122.19
		<u>296,642.79</u>	<u>250,966.57</u>
		<u>\$ 308,539.53</u>	<u>\$ 263,759.82</u>
Liabilities, Reserves, and Fund Balance:			
Animal Control Fund:			
Due To Current Fund	SB-3	\$ 6,072.04	\$ 6,860.45
Reserve for Animal Control Fund Expenditures	SB-5	5,824.70	5,932.80
		<u>11,896.74</u>	<u>12,793.25</u>
Other Funds:			
Fish & Game -- Due to State/ Agent	SB-7	593.47	780.65
Miscellaneous Trust Reserves			
Deposits for Redemption of Tax Sale Certificates	SB-8	10,638.20	
Tax Sale Premiums	SB-8	6,300.00	6,500.00
Unemployment	SB-8	41,117.09	40,327.61
Sanitary Landfill Closure:			
Post Closure Landfill Escrow	SB-8	150,928.70	150,223.50
DEP Closure Escrow Account	SB-8	29,639.18	29,517.22
Compensated Absences	SB-8	25,003.78	
Planning Board Escrow	SB-8	25,266.89	12,429.28
Public Defender Fees	SB-8	5,372.98	7,823.06
Payroll Taxes Payable	SB-8	699.45	1,096.34
Recreational Donations	SB-8	1,083.05	2,268.91
		<u>296,642.79</u>	<u>250,966.57</u>
		<u>\$ 308,539.53</u>	<u>\$ 263,759.82</u>

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

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
 As of December 31, 2012 and 2011

Assets:	Ref.	2012	2011
Due from Current Fund	SC-2	\$ 155,014.99	\$ 25,838.29
Grant Receivable -- Robbinstown Library	C	110,000.00	
Deferred Charges to Future Taxation:			
Unfunded	SC-3	<u>1,675,408.00</u>	<u>1,705,408.00</u>
		<u>\$ 1,940,422.99</u>	<u>\$ 1,731,246.29</u>
Liabilities, Reserves and Fund Balance:			
Bond Anticipation Notes	SC-6	\$ 1,525,408.00	\$ 1,423,500.00
Improvement Authorizations:			
Funded	SC-4	5,215.00	1,215.00
Unfunded	SC-4	16,222.93	17,054.83
Reserve for Encumbrances	SC-4	170,939.00	86,838.40
Reserve for Grant Receivable -- Robbinstown Library	C	110,000.00	
Capital Improvement Fund	SC-5	93,349.00	173,349.00
Fund Balance	C-1	<u>19,289.06</u>	<u>29,289.06</u>
		<u>\$ 1,940,422.99</u>	<u>\$ 1,731,246.29</u>

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

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 29,289.06
Decreased by:	
Anticipated as Revenue in Current Fund Budget	<u>10,000.00</u>
Balance December 31, 2012	<u><u>\$ 19,289.06</u></u>

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

TOWNSHIP OF COMMERCIAL
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of Changes in General Fixed Assets -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$ 2,497,619.00			\$ 2,497,619.00
Furniture, Fixtures, and Equipment	316,533.00	\$ 36,000.00	\$ 6,489.00	346,044.00
Vehicles	820,520.00		60,195.00	760,325.00
Total General Fixed Assets	<u>\$ 3,634,672.00</u>	<u>\$ 36,000.00</u>	<u>\$ 66,684.00</u>	<u>\$ 3,603,988.00</u>
Total Investments in General Fixed Assets	<u>\$ 3,634,672.00</u>	<u>\$ 36,000.00</u>	<u>\$ 66,684.00</u>	<u>\$ 3,603,988.00</u>

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

TOWNSHIP OF COMMERCIAL
Notes to Financial Statements
For the Year Ended December 31, 2012

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - The Township of Commercial was incorporated in February 27, 1874 and is located in southwest New Jersey approximately sixty miles south of the City of Philadelphia. The Township has a total area of 34.5 square miles. The population according to the 2010 census is 5,178.

The Township of Commercial is governed under the Township form of government with a three-member Township Committee. The Township Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis with one seat coming up for election each year. At an annual reorganization meeting, the Township Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

Component Units - The Township of Commercial had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

In accordance with the "Requirements", the Township of Commercial 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.

General Fixed Asset Account Group - All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting - The Township of Commercial 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 municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of 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 include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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 balance.

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. No depreciation of general fixed assets is recorded. 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 Funds 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.

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.

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

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 tax collector 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 Balances included in the current fund represents amounts available for anticipation as revenue in future years budgets, with certain restrictions.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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 County of Cumberland, Township of Commercial School District, Township of Commercial Fire District No. 1, Township of Commercial Fire District No. 2, and Township of Commercial Fire District No. 3. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Township of Commercial School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2011 and decreased by the amount deferred at December 31, 2012.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Cumberland. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 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 municipality is responsible for levying, collecting, and remitting Fire District Taxes for Township of Commercial Fire District No. 1 and Township of Commercial Fire District No. 2, and Township of Commercial Fire District No. 3. Operations are charged for the full amount required to be raised by taxation to support the districts for the year.

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

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. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

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

Compensated Absences and 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.

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might 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 Act (GUDPA). 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, if any, are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2012, the Township's bank balances of \$2,594,931.48 were exposed to custodial credit risk as follows:

Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>\$2,503,107.20</u>
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New Jersey Cash Management Fund - During the 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 credit risk as defined above. At December 31, 2012 the Township's deposits with the New Jersey Cash Management Fund are \$15,917.64.

Note 3: **PROPERTY TAXES**

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

Comparative Schedule of Tax Rates

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009(1)</u>	<u>2008</u>
Tax Rate	<u>\$2.07</u>	<u>\$2.12</u>	<u>\$2.04</u>	<u>\$1.79</u>	<u>\$4.22</u>
Apportionment of Tax Rate:					
Municipal	\$.59	\$.59	\$.59	\$.45	\$.92
County	.85	.92	.84	.77	1.90
Local School	.63	.61	.61	.57	1.40

Assessed Valuation

2012	\$292,186,242.00
2011	291,994,019.00
2010	291,059,136.00
2009	291,582,322.00 (1)
2008	118,837,152.00

(1) Revaluation

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$6,788,124.36	\$6,268,969.88	92.35%
2011	6,927,311.78	6,395,667.41	92.32%
2010	6,662,524.70	6,215,839.21	93.30%
2009	5,899,345.52	5,396,530.56	91.47%
2008	5,666,496.31	5,280,694.27	93.19%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$470,242.36	\$417,702.63	\$887,944.99	13.08%
2011	381,758.28	416,744.42	798,502.70	11.52%
2010	436,866.90	370,875.11	807,742.01	12.12%
2009	324,501.54	482,791.61	807,293.15	13.68%
2008	205,526.44	445,867.38	651,363.82	11.50%

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

<u>Year</u>	<u>Number</u>
2012	244
2011	237
2010	231
2009	172
2008	126

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2012	\$876,000.00
2011	2,310,150.00
2010	1,771,750.00
2009	1,771,750.00
2008	1,771,750.00

Note 5: **FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2012	\$1,250,756.12	\$403,000.00	32.22%
2011	922,924.85	312,500.00	33.86%
2010	572,271.25	159,000.00	27.78%
2009	260,568.76	200,000.00	76.76%
2008	21,071.00	None	None

(1) Budget as Introduced on March 21, 2013

Note 6: **INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$88,318.37	\$159,015.41
Animal Control Trust Fund		6,072.04
Trust-- Other Funds	4,000.42	
General Capital Fund	155,014.99	
Federal, State and Other Grant Fund		82,246.33
	\$247,333.78	\$247,333.78

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2013, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: **PENSION PLANS**

The Township of Commercial contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, The Township also offers employees the opportunities to participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. 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:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS 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 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Group Life Insurance</u>	<u>Paid by Township</u>
2012	\$23,112.00	\$46,224.00	\$69,336.00	\$4,418.00	\$73,754.00
2011	27,662.00	44,077.00	71,739.00	5,448.00	77,187.00
2010	25,555.00	32,835.00	58,390.00	8,097.00	66,487.00

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which 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 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.

Note 7: **PENSION PLANS (CONT'D)**

Defined Contribution Retirement Program (Cont'd) - 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. In addition to the employee contributions, the Township's contribution amounts 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 did not have any employees participate in the DCRP program during 2012.

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

Note 8: **POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN**

Plan Description - The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1975, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 75-11. In 2009, the Township authorized participation in the SHBP's post-retirement dental coverage effective July 1, 2009 through resolution number 2009-45. The Township will pay 100% of the premium for health and dental benefits for all employees who retire from the Township with 25 years or more of service credited in the NJ pension system.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis for all eligible employees and therefore does not record accrued expense related to these benefits.

The Township contributions to SHBP for the years ended December 31, 2012, 2011, and 2010, were \$53,554.44, \$47,694.03, and \$15,562.80, respectively, which equaled the required contributions for each year. There were approximately 4, 4, and 3 retired participants eligible at December 31, 2012, 2011, and 2010, respectively.

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward.

The Township of Commercial compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy for unused sick pay is that an employee that has reached the age of 55 and accumulated 10 years of service at the Township will be compensated for ½ of the sick pay at the current rate of pay upon retirement. The unused vacation days will be paid out at the full number of days the employee has accumulated on a pro-rated basis.

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 \$71,106.16.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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 11: SANITARY LANDFILL ESCROW CLOSURE FUND

On February 21, 1996, an administrative consent order was entered into pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection, the Solid Waste Management Act, the Sanitary Landfill Closure and Contingency Fund Act, and the New Jersey Water Pollution Control Act. The consent order commits Commercial Township to provide financing for Closure and Post-Closure activities at its facility, and to provide written documentation of the financing to NJDEP, and also provides stipulated penalties for any failure to do so. The sanitary landfill closure period is 1996 and the post-closure period is 1996-2026.

There is a financial plan that has been adopted by the Township and requires the Township to budget a pre-determined amount for these costs each year. The accumulated reserve for post-closure costs as of December 31, 2012 and 2011 was \$180,567.88 and \$179,740.72. These monies are placed in a trust fund that may not be expended without the approval of the New Jersey Department of Environmental Protection. The estimates of the required amounts are based on investment and inflation assumption factors developed by the Department of Environmental Protection. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure and post closure cost as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with closure are not known. The plan is required to be modified and updated, if necessary, every two years; however the Township is currently not in compliance with this requirement.

Note 11: **SANITARY LANDFILL ESCROW CLOSURE FUND (CONT'D)**

On February 17, 2011, the Township Committee adopted Resolution 2011-24 declaring the site of landfill and surrounding area to be an area in need of redevelopment pursuant to the Local Redevelopment and Housing Law and designating this area as the Landfill Redevelopment Area; which received New Jersey Department of Community Affairs' conditional approval on March 3, 2011. The Resolution further directed the Township Engineer to prepare a Redevelopment Plan for the Landfill Redevelopment Area.

In resolution 2012-109, adopted August 16, 2012, the Township indicated it was in negotiations to redevelop the landfill property as a solar energy power production facility.

Note 12: **LEASE OBLIGATIONS**

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

Operating:
Pitney Bowes Mailing Machine

The following is an analysis of operating leases.

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$1,507.00

Rental payments under operating leases for the year 2012 were \$1,644.00.

Note 13: **CAPITAL DEBT**

Summary of Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$1,525,408.00	\$1,423,500.00	\$1,226,500.00
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	150,000.00	285,000.00	285,000.00
Total Authorized but Not Issued	150,000.00	285,000.00	285,000.00
Total Issued and Authorized but Not Issued	1,675,408.00	1,708,500.00	1,448,812.00
Deductions:			
Funds Temporarily Held To Pay Notes	---	---	62,688.00
Net Debt	\$1,675,408.00	\$1,708,500.00	\$1,448,812.00

Note 13: **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 indicated a statutory net debt of .641%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$2,042,747.74	\$2,042,747.74	
General	1,675,408.00		\$1,675,408.00
	<u>\$3,718,155.74</u>	<u>\$2,042,747.74</u>	<u>\$1,675,408.00</u>

Net Debt \$1,675,408.00 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$261,192,329.67 equals 0.641%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$9,141,731.54
Net Debt	<u>1,675,408.00</u>
Remaining Borrowing Power	<u>\$7,466,323.54</u>

Note 14: **SCHOOL TAXES**

Local School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>Balance Dec. 31,</u>	
	<u>2012</u>	<u>2011</u>
Balance of Tax	\$127,940.50	\$101,481.00
Deferred	794,919.00	794,919.00
	<u>\$922,859.50</u>	<u>\$896,400.00</u>

Note 15: **JOINT INSURANCE POOL**

The Township of Commercial is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles
- Public Employee Liability

Note 15: **JOINT INSURANCE POOL (CONT'D)**

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Township with the following coverage:

Property - Blanket Building and Grounds
General and Automobile Liability
Workers' Compensation and Employer's Liability
Public Employee and Official Bonds

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000 to \$200,000 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2012, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
P.O. Box 12
Hammonton, New Jersey 08037

Note 16: **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, 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>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$100.00	\$829.82	\$41,117.09
2011	100.00	319.51	40,327.61
2010	100.00	12,422.46	34,042.18

Note 17: **LITIGATION**

The Township is a defendant in several legal proceeding, including tax appeals, which are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Current Cash - Chief Financial Officer
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 1,314,711.16
Increased by Receipts:		
Tax Collector	\$ 6,481,774.57	
Township Clerk	98,692.25	
Due from State - Senior Citizens & Veterans Deductions	91,206.24	
Federal, State and Other Grants Receivable	447,907.23	
Trust Other Fund	575.00	
General Capital Fund	285,000.00	
Revenue Accounts Receivable	779,829.80	
Miscellaneous Revenue Not Anticipated	52,090.20	
Due from State - Garden State Preservation Trust Fund	73,093.00	
Uniform Construction Code Fees -Due to State of New Jersey	1,526.00	
Homestead Rebate	157,066.95	
Animal Control Trust Fund Receipts	3,516.70	
		8,472,277.94
		9,786,989.10
Decreased by Disbursements:		
2011 Appropriation Reserves	128,021.46	
2012 Appropriations	2,173,949.43	
County Taxes	2,472,557.83	
Due County for Added and Omitted Taxes	12,524.55	
Local District School Tax	1,819,259.50	
Fire District Taxes	723,013.00	
Refund Tax Overpayments	2,518.09	
Increase in Change Fund	150.00	
Uniform Construction Code Fees -Due to State of New Jersey	1,456.00	
Federal, State and Other Grant Expenditures	379,920.06	
Trust Other Fund	3,714.94	
General Capital Fund	135,323.30	
Refund of Prior Year Revenues	1,272.21	
Pay Down of Special Emergency Note	50,700.00	
		7,904,380.37
Balance December 31, 2012		\$ 1,882,608.73

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Collector
For the Year Ended December 31, 2012

Balance December 31, 2011		\$	269,665.11
Increased by Receipts:			
Taxes Receivable	\$ 6,232,785.29		
Tax Title Liens	54,663.93		
Prepaid Taxes	83,068.49		
Tax Overpayments	2,604.91		
Revenue Accounts Receivable:			
Interest and Costs on Taxes	\$ 69,420.59		
Interest on Investments	<u>1,927.53</u>		
	71,348.12		
Miscellaneous Revenue Not Anticipated	<u>107.00</u>		
			<u>6,444,577.74</u>
			6,714,242.85
Decreased by Disbursements:			
Payment to Treasurer			<u>6,481,774.57</u>
Balance December 31, 2012		\$	<u><u>232,468.28</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Township Clerk
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 31,860.40
Increased by Receipts:		
Interest Due to Current - Revenue Accounts Receivable	\$ 49.18	
Clerk Fees - Revenue Accounts Receivable	<u>54,958.25</u>	
	\$	55,007.43
Reserve for Marriage Licenses		725.00
Election Reimbursements (Contra)		7,212.00
Clerk Fees - MRNA		<u>15,766.60</u>
		<u>78,711.03</u>
		110,571.43
Decreased by Disbursements:		
Payment to Treasurer		98,692.25
Payment to State of New Jersey:		
Marriage License Fees		850.00
Election Costs (Contra)		<u>7,212.00</u>
		<u>106,754.25</u>
Balance December 31, 2012		<u>\$ 3,817.18</u>
<u>Analysis of Balance December 31, 2012</u>		
Due to Treasurer's Account		<u>\$ 3,817.18</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Change Funds
 For the Year Ended December 31, 2012

Balance December 31, 2011	\$	400.00
Increased by:		
Disbursements		150.00
		150.00
Balance December 31, 2012	\$	550.00

Analysis of Balance December 31, 2012

Tax Collector	\$	300.00
Clerk		50.00
Animal Control		50.00
Municipal Court		150.00
		150.00
	\$	550.00

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2012

Year	Balance	2012 Levy	Added Taxes	Collections		Canceled	Transfer to Arrears	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011			2011	2012				Dec. 31, 2012
Arrears	\$ 39,032.87	\$	\$ 1,197.54	\$	\$ 8,182.04	\$	\$ 6,045.94	\$	\$ 38,094.31
2006	32.28					32.28			
2009	1,653.51				1,554.81				98.70
2010	8,154.78				5,134.68			281.33	2,738.77
2011	367,870.98		3,500.00		321,644.57	84.05	(4,605.71)	31,309.27	13,727.38
	<u>416,744.42</u>	-	4,697.54	-	336,516.10	116.33	1,440.23	31,590.60	54,659.16
2012		6,788,124.36		123,079.62	6,145,890.26	42,290.47	(1,440.23)	112,380.31	363,043.47
	<u>\$ 416,744.42</u>	<u>\$ 6,788,124.36</u>	<u>4,697.54</u>	<u>\$ 123,079.62</u>	<u>\$ 6,482,406.36</u>	<u>\$ 42,406.80</u>	<u>\$ -</u>	<u>\$ 143,970.91</u>	<u>\$ 417,702.63</u>
	Taxes Receivable				\$ 6,232,785.29				
	New Jersey Homestead Rebate				157,066.95				
	Senior Citizens and Veterans				92,554.12				
					<u>\$ 6,482,406.36</u>				
<u>Analysis of 2012 Property Tax Levy</u>									
<u>Tax Yield:</u>									
	General Property Tax					\$ 6,757,690.26			
	Added Taxes (54:4-63.1 et. seq.)					<u>30,434.10</u>			
								<u>\$ 6,788,124.36</u>	
<u>Tax Levy:</u>									
	Local School District Tax (Abstract)					\$ 1,839,984.00			
County Taxes:									
	County Tax (Abstract)				\$ 2,347,853.36				
	County Library Tax (Abstract)				98,359.16				
	County Open Space Tax (Abstract)				26,345.31				
	Due County for Added Taxes				<u>8,369.94</u>				
									2,480,927.77
Fire Districts Taxes:									
	Fire District No. 1				176,212.00				
	Fire District No. 2				181,623.00				
	Fire District No. 3				<u>365,178.00</u>				
									723,013.00
Local Tax for Municipal Purposes									
	Add: Additional Tax Levied -Added Taxes				1,714,115.51				
	Add: Additional Tax Levied by Rounding of Tax Rate				22,064.16				
					<u>8,019.92</u>				
									1,744,199.59
								<u>\$ 6,788,124.36</u>	

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Tax Title Liens
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 381,758.28
Increased by:		
Transfers from Taxes Receivable	\$ 143,970.91	
Interest and Costs at Tax Sale	<u>3,011.83</u>	
		<u>146,982.74</u>
		528,741.02
Decreased by:		
Collections	54,663.93	
Canceled	<u>3,834.73</u>	
		<u>58,498.66</u>
Balance December 31, 2012		<u><u>\$ 470,242.36</u></u>

Exhibit SA-7

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Property Acquired for Taxes (At Assessed Valuation)
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 2,310,150.00
Decreased by:		
Prior Year Adjustments:		
Updated Property Register Provided by Chief Financial Officer	\$ 1,384,950.00	
Reversal of Prior Year Foreclosure	<u>49,200.00</u>	
		<u>1,434,150.00</u>
Balance December 31, 2012		<u><u>\$ 876,000.00</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statement of Due From State of New Jersey - Veterans and Senior Citizens Deductions
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 10,148.56
Increased by:		
Deductions per Tax Billing:		
Senior Citizen	\$ 48,500.00	
Veterans	44,750.00	
	93,250.00	
Deductions Allowed by Tax Collector - 2012 Taxes	1,000.00	
	94,250.00	
Deductions Disallowed by Tax Collector - 2012 Taxes	1,695.88	
	92,554.12	
		102,702.68
Decreased by:		
Received from State of New Jersey	91,206.24	
Deductions Disallowed by Tax Collector - Prior Years	3,500.00	
	94,706.24	
Balance December 31, 2012		\$ 7,996.44
<u>Analysis of Amount Realized:</u>		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 93,250.00	
Senior Citizens' and Veterans'		
Deductions Allowed by Tax Collector - 2012 Taxes	1,000.00	
	94,250.00	
Less:		\$ 94,250.00
Senior Citizens' and Veterans'		
Deductions Disallowed by Tax Collector - 2012 Taxes		1,695.88
		\$ 92,554.12

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
Miscellaneous Revenue Anticipated:				
Fines and Costs:				
Municipal Court	\$ 1,755.84	\$ 46,729.40	\$ 45,111.41	\$ 3,373.83
Municipal Joint Court Receivable from Downe Township		80.08		80.08
Interest and Costs on Taxes		69,420.59	69,420.59	
Rental Property - New Jersey State Police		102,375.00	102,375.00	
Rental Property - Post Office		40,880.04	40,880.04	
Rental Registrations		46,500.00	46,500.00	
Salt Mining Annual Fee		54,958.25	54,958.25	
Cable Franchise Fees		14,835.38	14,835.38	
Nextel Tower Rental		24,371.88	24,371.88	
Consolidated Municipal Property Tax Relief Aid		48,642.00	48,642.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		412,571.00	412,571.00	
Uniform Construction Codes Fees		28,234.90	28,234.90	
Investment Interest - Treasurer	2.98	9,833.04	9,835.80	0.22
Miscellaneous Revenue not Anticipated:				
POAA Fees		113.00	110.00	3.00
Uniform Construction Codes Fees:				
Zone Applications		2,165.50	2,165.50	
Certificate of Occupancy		6,306.90	6,306.90	
	<u>\$ 1,758.82</u>	<u>\$ 908,016.96</u>	<u>\$ 906,318.65</u>	<u>\$ 3,457.13</u>
			Current Fund - Treasurer	\$ 779,829.80
			Current Fund - Tax Collector	71,348.12
			Current Fund - Township Clerk	55,007.43
			Due from Animal Control Fund	51.47
			Due from Trust Other Fund	81.83
			<u>\$ 906,318.65</u>	

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Deferred Charges
 For the Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Raised by</u> <u>Budget</u> <u>Appropriation</u>
Emergency Appropriations N.J.S.A. 40A:4-47	\$ 10,000.00	\$ 10,000.00
Overexpenditure of Appropriation Reserves	<u>3,060.97</u>	<u>3,060.97</u>
	<u>\$ 13,060.97</u>	<u>\$ 13,060.97</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Deferred Charges
 N.J.S.A. 40A:4-55 Special Emergency - Preparation of Master Plan and Revaluation Program
 For the Year Ended December 31, 2012

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2011</u>	<u>Raised by Budget Appropriation</u>	<u>Balance Dec. 31, 2012</u>
04/28/08	Revaluation Program	\$ 300,000.00	\$ 60,000.00	\$ 120,000.00	\$ 60,000.00	\$ 60,000.00
05/21/09	Tax Map Revisions	<u>20,000.00</u>	<u>4,000.00</u>	<u>12,000.00</u>	<u>4,000.00</u>	<u>8,000.00</u>
		<u>\$ 320,000.00</u>	<u>\$ 64,000.00</u>	<u>\$ 132,000.00</u>	<u>\$ 64,000.00</u>	<u>\$ 68,000.00</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	<u>December 31, 2011</u>		<u>Balance After</u> <u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
OPERATIONS WITHIN "CAPS":					
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Other Expenses	\$ 1,068.40	\$ 5,638.31	\$ 6,706.71	\$ 5,638.31	\$ 1,068.40
Mayor and Committee:					
Salaries and Wages	449.88		449.88		449.88
Other Expenses	2,497.39	81.05	2,578.44	81.05	2,497.39
Municipal Clerk:					
Salaries and Wages	12,535.47		12,535.47		12,535.47
Other Expenses	3,152.81	1,579.70	4,732.51	830.80	3,901.71
Financial Administration - Treasury:					
Salaries and Wages	153.99		153.99		153.99
Other Expenses	4,017.67	605.10	4,622.77	605.10	4,017.67
Data Processing Center:					
Other Expenses	7,012.00		7,012.00		7,012.00
Revenue Administration - Tax Collection:					
Salaries and Wages	27,998.35		7,998.35		7,998.35
Other Expenses	1,217.80	1,235.15	2,452.95	1,235.15	1,217.80
Tax Title Lien Manager:					
Salaries and Wages	281.54		281.54		281.54
Tax Assessment Administration:					
Salaries and Wages	2,999.96		2,999.96		2,999.96
Other Expenses	3,282.76	552.60	3,835.36	552.60	3,282.76
Legal Services:					
Other Expenses	1,408.67		6,608.67	6,585.00	23.67
Engineering Services:					
Other Expenses	7,727.75		7,727.75		7,727.75
Municipal Court:					
Salaries and Wages	2,115.47		2,115.47		2,115.47
Other Expenses	4,050.54		4,050.54		4,050.54
Public Defender:					
Salaries and Wages	4,887.03		4,887.03		4,887.03
Municipal Land Use Law (N.J.S.A 40:55D-1):					
Planning Board:					
Salaries and Wages	256.65		256.65		256.65
Other Expenses	2,844.73		2,844.73		2,844.73

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	<u>December 31, 2011</u>		<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
<u>OPERATIONS WITHIN "CAPS": (CONT'D)</u>					
SANITATION					
Public Buildings and Grounds:					
Other Expenses	\$ 25,957.74	\$ 32,876.00	\$ 98,833.74	\$ 50,265.40	\$ 48,568.34
Garbage and Trash Removal:					
Other Expenses	23,166.63		23,166.63	21,666.67	1,499.96
Sanitary Landfill:					
Other Expenses:					
Miscellaneous Other Expenses	51,688.68	2,462.29	28,950.97	13,436.56	15,514.41
Sanitary Sluice and Ditch					
Other Expenses	5,800.00		5,800.00		5,800.00
PUBLIC SAFETY FUNCTIONS:					
Office Of Emergency Management:					
Other Expenses	1,322.56		1,322.56		1,322.56
Court Professionals:					
Salaries and Wages	15.60		15.60		15.60
STREETS AND ROADS					
Road Repairs and Maintenance:					
Salaries and Wages	6,118.53		6,118.53		6,118.53
Other Expenses	20,401.89	12,161.20	32,563.09	12,161.20	20,401.89
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Senior Center:					
Salaries and Wages	1,990.33		1,990.33		1,990.33
Other Expenses	364.87	200.00	564.87	200.00	364.87
Dog Regulation:					
Other Expenses	12.42	1,919.80	1,932.22	1,919.80	12.42
Environmental Commission					
Other Expenses	720.00		720.00		720.00
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Other Expenses	3,500.00		3,500.00		3,500.00
Maintenance of Parks:					
Other Expenses	2,165.00		2,165.00		2,165.00
Library Operations:					
Salaries and Wages	453.16		453.16		453.16
Other Expenses	1,184.51		1,184.51		1,184.51

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	<u>December 31, 2011</u>		<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
OPERATIONS WITHIN "CAPS": (CONT'D)					
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events:					
Other Expenses	\$ 3,185.00	\$ 153.00	\$ 3,338.00	\$ 153.00	\$ 3,185.00
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	5,664.28	2,861.70	8,525.98	2,861.70	5,664.28
Street Lighting	2,528.63	5,225.82	7,754.45	5,225.82	2,528.63
Telephone	4,995.76	1,181.65	6,177.41	1,181.65	4,995.76
Natural Gas	7,434.63	1,199.19	8,633.82	1,199.19	7,434.63
Gasoline and Diesel Fuel	378.98		378.98		378.98
Insurance:					
Liability Insurance	1,598.05		1,598.05		1,598.05
Workers Compensation	4,334.95		4,334.95		4,334.95
Group Insurance Plans for Employees	1,800.85	289.50	2,090.35	289.50	1,800.85
Accumulated Sick Leave	50.00		50.00		50.00
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	2,157.33		2,157.33		2,157.33
Other Expenses	623.36		623.36		623.36
Housing Inspector:					
Salaries and Wages	24.57		24.57		24.57
Other Expenses	4,064.18	61.96	4,126.14	61.96	4,064.18
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	30,168.35		30,168.35		30,168.35
OPERATIONS EXCLUDED FROM "CAPS":					
Recycling Tax	6,000.00		6,000.00		6,000.00
Interlocal Municipal Service Agreements:					
SFSP Fire District Payment		1,871.00	1,871.00	1,871.00	
GRAND TOTAL	\$ 309,829.70	\$ 72,155.02	\$ 381,984.72	\$ 128,021.46	\$ 253,963.26

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2012

Balance December 31, 2011 (2012) Taxes		\$ 123,079.62
Increased by:		
Collection (2013 Taxes)	\$ 83,068.49	
Transfer from Overpayments	406.41	
		83,474.90
		206,554.52
Decreased by:		
Application to 2012 Taxes		123,079.62
Balance December 31, 2012 (2013) Taxes		\$ 83,474.90

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 2,516.88
Increased by:		
Overpayments - Cash		2,604.91
		5,121.79
Decreased by:		
Refunds	\$ 2,518.09	
Transferred to Prepaid Taxes	406.41	
Canceled to Fund Balance	1,317.19	
		4,241.69
Balance December 31, 2012		\$ 880.10

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Reserve for Garden State Preservation Trust
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 73,093.00
Increased by:	
Receipts	<u>73,093.00</u>
	146,186.00
Decreased by:	
Realized as Revenue in 2012 Budget	<u>73,093.00</u>
Balance December 31, 2012	<u><u>\$ 73,093.00</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of County Taxes Payable
 For the Year Ended December 31, 2012

Accrued in 2012:			
2012 Levy:			
County General	\$	2,347,853.36	
County Health Services Taxes		98,359.16	
County Open Space		<u>26,345.31</u>	
			\$ 2,472,557.83
Decreased by:			
Disbursements			<u>\$ 2,472,557.83</u>

Exhibit SA-17

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Amount Due to County For Added Taxes
 For the Year Ended December 31, 2012

Balance December 31, 2011	\$	12,524.55
Increased by:		
County Share of Added Taxes		<u>8,369.94</u>
		20,894.49
Decreased by:		
Disbursements		<u>12,524.55</u>
Balance December 31, 2012	\$	<u><u>8,369.94</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2012

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Balance December 31, 2011		
School Tax Payable	\$ 101,481.00	
School Tax Deferred	<u>794,919.00</u>	
		\$ 896,400.00
Increased by:		
Accrued in 2012:		
Levy-School Fiscal Year (July 1, 2011 to June 30, 2012)	1,839,984.00	
Budget Appropriation - Business Personal Property Tax Appreciation Adjustment	<u>5,735.00</u>	
		<u>1,845,719.00</u>
		2,742,119.00
Decreased by:		
Disbursements		<u>1,819,259.50</u>
Balance December 31, 2012		
School Tax Payable	127,940.50	
School Tax Deferred	<u>794,919.00</u>	
		<u>\$ 922,859.50</u>
2012 Liability for Local District School Tax:		
Tax Paid		\$ 1,819,259.50
Tax Payable December 31, 2012		<u>127,940.50</u>
		1,947,200.00
Less: Tax Payable December 31, 2011		<u>101,481.00</u>
Subtotal		1,845,719.00
Less: Business Personal Property Tax Appreciation Adjustment		<u>5,735.00</u>
Amount Charged to 2012 Operations		<u>\$ 1,839,984.00</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due to Fire Districts
For the Year Ended December 31, 2012

Increased by:

Levy-Calendar Year:

Fire District No. 1	\$ 176,212.00	
Fire District No. 2	181,623.00	
Fire District No. 3	<u>365,178.00</u>	
		\$ 723,013.00

Decreased by:

Disbursements:

Fire District No. 1	176,212.00	
Fire District No. 2	181,623.00	
Fire District No. 3	<u>365,178.00</u>	
		<u>\$ 723,013.00</u>

Exhibit SA-20

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due State of New Jersey - Marriage License Fees
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 125.00
Increased by:	
Receipts by Township Clerk	<u>725.00</u>
	850.00
Decreased by:	
Payments by Township Clerk	<u>\$ 850.00</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Bond Anticipation Notes - Special Emergency Note
 For the Year Ended December 31, 2012

Ordinance Date	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
04/17/08	Revaluation Program	04/17/08	08/17/11	08/17/12	2.00%	\$ 110,700.00		\$ 110,700.00	
04/17/08	Revaluation Program	04/17/08	08/17/12	08/16/13	1.24%		60,000.00		60,000.00
						<u>\$ 110,700.00</u>	<u>\$ 60,000.00</u>	<u>\$ 110,700.00</u>	<u>\$ 60,000.00</u>
							\$	\$ 50,700.00	
			Paid by Cash						
			Rollover				60,000.00	60,000.00	
							<u>\$ 60,000.00</u>	<u>\$ 110,700.00</u>	

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due State of New Jersey
Uniform Construction Code - State Training Fees
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 230.00
Increased by:	
Receipts	<u>1,526.00</u>
	1,756.00
Decreased by:	
Payments	<u>1,456.00</u>
Balance December 31, 2012	<u><u>\$ 300.00</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due from Federal, State and Other Grant Fund
For the Year Ended December 31, 2012

<hr/>		
Balance December 31, 2011		\$ 219,483.50
Increased by:		
Grants Appropriated Canceled	\$ 150,000.00	
Expenditures Paid by the Current Fund - Grants Appropriated	<u>379,920.06</u>	
		<u>529,920.06</u>
		749,403.56
Decreased by:		
Local Match Due from Current Fund - Grants Appropriated	\$ 48,750.00	
Grants Receivable Canceled	150,000.00	
Grants Cash Received in Current Fund - Grants Receivable	447,907.23	
Expenditures Transferred to General Capital Fund -- Reimbursement	<u>20,500.00</u>	
		<u>667,157.23</u>
Balance December 31, 2012		<u><u>\$ 82,246.33</u></u>

TOWNSHIP OF COMMERCIAL
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2012

Program	Balance Dec. 31, 2011	Accrued	Received in Current Fund	Adjustment/ Canceled	Balance Dec. 31, 2012
Federal Grants:					
Small Cities Block Grant	\$	\$	\$	\$	\$
CDBG - Bayshore Housing Phase VII	53,340.00		53,340.00		
Small Cities CDBG	366,350.00		366,350.00		
New Jersey Transportation Trust Fund Authority Act of 1984					
Doris Drive - Phase IV		173,000.00			173,000.00
Samuel Drive	70,986.06				70,986.06
Osborne Lane	56,054.54				56,054.54
Laurel Lake	180,000.00				180,000.00
Federal Emergency Management Agency					
Hazard Mitigation Grant Program -- Laurel Lake		511,163.00			511,163.00
Bivalve Shore Protection		40,050.00			40,050.00
Berry Avenue Flood Control		180,000.00			180,000.00
USDA Library Grant					
Robbinstown Library	150,000.00			150,000.00	
Total Federal Grants	<u>876,730.60</u>	<u>904,213.00</u>	<u>419,690.00</u>	<u>150,000.00</u>	<u>1,211,253.60</u>
State Grants:					
NJ Department of Environmental Protection					
Berry Avenue Flood Control Structure		70,000.00			70,000.00
Bivalve Shore Protection		75,000.00			75,000.00
Municipal Alliance Grant		7,990.45	7,990.45		
Recycling Tonnage Grant		6,359.28	6,359.28		
Clean Communities Grant		13,348.07	13,067.50		280.57
Total State Grants	<u>-</u>	<u>172,697.80</u>	<u>27,417.23</u>	<u>-</u>	<u>145,280.57</u>
Local Grants:					
JIF Safety Awards Program		800.00	800.00		
Total Local Grants	<u>-</u>	<u>800.00</u>	<u>800.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 876,730.60</u>	<u>\$ 1,077,710.80</u>	<u>\$ 447,907.23</u>	<u>\$ 150,000.00</u>	<u>\$ 1,356,534.17</u>

TOWNSHIP OF COMMERCIAL
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2012

<u>Program</u>	<u>Balance Dec. 31, 2011</u>	<u>Transferred to Grant Receivable</u>	<u>Realized as Revenue</u>	<u>Balance Dec. 31, 2012</u>
Federal Grant:				
New Jersey Transportation Trust Fund Authority Act of 1984				
Doris Drive - Phase IV	\$	\$ 173,000.00	\$ 173,000.00	\$
Federal Emergency Management Agency				
Hazard Mitigation Grant Program -- Laurel Lake		511,163.00	511,163.00	
Bivalve Shore Protection		40,050.00	40,050.00	
Berry Avenue Flood Control		180,000.00	180,000.00	
		<u> </u>	<u> </u>	
Total Federal Grants	<u> -</u>	<u> 904,213.00</u>	<u> 904,213.00</u>	<u> -</u>
State Grants:				
NJ Department of Environmental Protection				
Berry Avenue Flood Control Structure		70,000.00	70,000.00	
Bivalve Shore Protection		75,000.00	75,000.00	
Municipal Alliance for Alcohol and Drug Abuse		7,990.45	5,000.00	2,990.45
Clean Communities Grant		13,348.07	13,348.07	
Recycling Tonnage Grant	11,753.97	6,359.28	11,753.97	6,359.28
		<u> </u>	<u> </u>	
Total State Grants	<u> 11,753.97</u>	<u> 172,697.80</u>	<u> 175,102.04</u>	<u> 9,349.73</u>
Other Grants				
JIF Safety Awards Program	959.75	800.00	1,759.75	-
		<u> </u>	<u> </u>	
Total State Grants	<u> 959.75</u>	<u> 800.00</u>	<u> 1,759.75</u>	<u> -</u>
	<u>\$ 12,713.72</u>	<u>\$ 1,077,710.80</u>	<u>\$ 1,081,074.79</u>	<u>\$ 9,349.73</u>

TOWNSHIP OF COMMERCIAL
FEDERAL , STATE AND OTHER GRANT FUND
 Statement of Reserve For Federal, State Grants and Other Grants - Appropriated
 For the Year Ended December 31, 2012

Program	Balance Dec. 31, 2011		Transferred from 2012 Budget Appropriation	Disbursed	Reimbursement	Encumbered	Contracts Payable	Canceled	Balance Dec. 31, 2012
	Budget	Encumbered							
Federal Grants:									
Department of Housing and Urban Development	\$	\$	\$	\$	\$	\$	\$	\$	\$
CDBG 2009 - Bayshore Housing VI	6,500.00								6,500.00
CDBG 2009 - Bayshore Housing - VI Match	11,264.18								11,264.18
CDBG 2011 - Bayshore Housing VII	26,685.03	26,455.00		53,065.00					75.03
CDBG 2011 - Bayshore Housing VII Match	12,800.00			12,800.00					
CDBG 2011 - Small Cities		126,942.94		126,942.94					
CDBG 2011 - Small Cities Match	4,120.00	14,880.00		17,380.00					1,620.00
New Jersey Transportation Trust Fund Authority Act of 1984									
Doris Drive - Phase IV			173,000.00	10,400.00		2,210.00	160,390.00		
Samuel Drive	11,199.10								11,199.10
Osborne Drive	9,082.40								9,082.40
Laurel Lake	180,000.00								180,000.00
Laurel Lake - Match	20,000.00		5,000.00						25,000.00
USDA Library Grant									
Robbinstown Library	129,500.00				20,500.00			150,000.00	
Federal Emergency Management Agency									
Hazard Mitigation Grant Program -- Laurel Lake			511,163.00	79,675.00					431,488.00
Bivalve Shore Protection			40,050.00	1,820.00					38,230.00
Berry Avenue Flood Control			180,000.00	45,000.00			135,000.00		
New Jersey State Police OEM Grant	3,832.54								3,832.54
Total Federal Grants	414,983.25	168,277.94	909,213.00	347,082.94	20,500.00	2,210.00	295,390.00	150,000.00	718,291.25
State Grants:									
NJ Department of Environmental Protection									
Berry Avenue Flood Control Structure			70,000.00	9,697.00		4,725.00	55,578.00		9,770.00
Berry Avenue Flood Control Structure --Match			25,000.00				15,230.00		75,000.00
Bivalve Shore Protection			75,000.00						18,750.00
Bivalve Shore Protection Match			18,750.00						1,315.18
Clean Communities Act	621.29		13,348.07	11,204.18		1,450.00			48,238.00
Oyster Grant	48,238.00								7,428.87
Recycling Tonnage Grant			11,753.97	4,325.10					3,199.00
Alcohol Education and Rehabilitation	3,199.00								7,346.68
Municipal Drug Alliance	6,676.78	1,943.68	5,000.00	6,273.78					
Total State Grants	58,735.07	1,943.68	218,852.04	31,500.06	-	6,175.00	70,808.00	-	171,047.73
Local Grants:									
JIF Safety Awards Program	480.86	112.58	1,759.75	1,337.06		251.46			764.67
Total	\$ 474,199.18	\$ 170,334.20	\$ 1,129,824.79	\$ 379,920.06	\$ 20,500.00	\$ 8,636.46	\$ 366,198.00	\$ 150,000.00	\$ 890,103.65
Realized as Revenue in Budget			\$ 1,081,074.79	\$					
Local Match - Due from Current Func			48,750.00						
Expenditures by Current Func				379,920.06					
			\$ 1,129,824.79	\$ 379,920.06					

TOWNSHIP OF COMMERCIAL
FEDERAL, STATE AND OTHER GRANT FUND
 Statement of - Contracts Payable
 For the Year Ended December 31, 2012

Accrued in 2012:	
Contract Awards	\$ <u>366,198.00</u>
Balance December 31, 2012	\$ <u><u>366,198.00</u></u>

Analysis of Balance December 31, 2012

Asphalt Paving Systems, Inc.		
New Jersey Transportation Trust Fund Authority Act of 1984		
Doris Drive - Phase IV		\$ 160,390.00
Walters Marine Construction, Inc.		
Federal Emergency Management Agency		
Berry Avenue Flood Control	\$ 135,000.00	
NJ Department of Environmental Protection		
Berry Avenue Flood Control Structure	55,578.00	
Berry Avenue Flood Control Structure --Match	<u>15,230.00</u>	
		<u>205,808.00</u>
		\$ <u><u>366,198.00</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF COMMERCIAL
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2012

	Animal Control		Other Trust
Balance December 31, 2011	\$ 12,793.25		\$ 236,963.02
Increased by Receipts:			
Animal Control Fees	\$ 2,938.00		
Due to State of New Jersey - Animal Control	1,299.60		
Current Fund	625.47		
Fish and Game - Due State/Agent			\$ 3,576.34
Miscellaneous Trust Reserves:			
Unemployment		\$ 1,519.30	
Sanitary Landfill Closure:			
Post Closure Landfill Escrow		705.20	
DEP Closure Escrow Account		121.96	
Recreational Donations		12,349.00	
Planning Board Escrow		29,343.47	
Compensated Absences		25,003.78	
Net Payroll		431,950.71	
Payroll Taxes Payable		306,922.83	
			807,916.25
	4,863.07		811,492.59
	17,656.32		1,048,455.61
Decreased by Disbursements:			
Expenditures Under N.J.S.A. 4:19-15-1	943.28		
Due to State of New Jersey - Animal Control	1,299.60		
Current Fund	3,516.70		
Fish and Game - Due State/Agent			3,763.52
Miscellaneous Trust Reserves			
Unemployment		139.96	
Planning Board Escrow		16,505.86	
Net Payroll		431,950.71	
Payroll Taxes Payable		307,319.72	
Recreational Donations		13,534.86	
			769,451.11
	5,759.58		773,214.63
Balance December 31, 2012	\$ 11,896.74		\$ 275,240.98

TOWNSHIP OF COMMERCIAL
TRUST FUND
Statement of Trust Cash - Tax Collector
For the Year Ended December 31, 2012

Balance December 31, 2011		\$	6,881.36
Increased by Receipts:			
Interest Earned --Due to Current Fund	\$	81.83	
Tax Sale Certificates		210,917.35	
Tax Sale Premiums		<u>1,600.00</u>	
			<u>212,599.18</u>
			219,480.54
Decreased by Disbursements:			
Tax Sale Certificates		200,279.15	
Tax Sale Premiums		<u>1,800.00</u>	
			<u>202,079.15</u>
Balance December 31, 2012		\$	<u><u>17,401.39</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due To Current Fund
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$	6,860.45
Increased by:			
Receipts:			
Interest Earned	\$	51.47	
Cat License Fees Collected		<u>574.00</u>	
		625.47	
Statutory Excess Animal Control Fund Reserve		<u>2,102.82</u>	
			<u>2,728.29</u>
			9,588.74
Decreased by:			
Cash Disbursement			<u>3,516.70</u>
Balance December 31, 2012		\$	<u><u>6,072.04</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due to State of New Jersey - Department of Health
 For the Year Ended December 31, 2012

Receipts			
2012 State License Fees		\$	1,299.60
Decreased by:			
Disbursements to the State		\$	<u><u>1,299.60</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 5,932.80
Increased by:		
Dog License Fees Collected	\$ 2,546.50	
Late Fees Collected	<u>391.50</u>	
		<u>2,938.00</u>
		8,870.80
Decreased by:		
Expenditures Under N.J.S.A. 4:19-15.1	943.28	
Statutory Excess Due to Current Fund	<u>2,102.82</u>	
		<u>3,046.10</u>
Balance December 31, 2012		<u><u>\$ 5,824.70</u></u>

License Fees Collected	
Year	Amount
2010	\$ 2,875.30
2011	<u>2,949.40</u>
	<u><u>\$ 5,824.70</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Trust Other Fund
 Statement of Due From Current Fund
 For the Year Ended December 31, 2012

Balance December 31, 2011		\$	7,122.19
Increased by:			
Miscellaneous Trust Reserves:			
2012 Budget Appropriation:			
Reserve for Unemployment Insurance	\$	100.00	
Public Defender Fees Collected in Current Fund		575.00	
			675.00
			7,797.19
Decreased by:			
Payroll Trust - Unemployment Payments	\$	689.86	
Public Defender Costs Disbursed in Current Fund		3,025.08	
		3,714.94	
Interest Collected Tax Collector		81.83	
			3,796.77
Balance December 31, 2012		\$	4,000.42
<u>Analysis of Balance December 31, 2012</u>			
Public Defender Fees	\$	5,372.98	
Unemployment Trust Fund		(909.37)	
Tax Title Lien/Tax Sale Premium Account		(463.19)	
	\$		4,000.42

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Due to State/Agent
For the Year Ended December 31, 2012

Balance December 31, 2011		\$	780.65
Increased by:			
Interest Earned	\$		1.59
Fish and Game License Fees Collected			<u>3,574.75</u>
			<u>3,576.34</u>
			4,356.99
Decreased by:			
Expenditures	\$		39.27
Paid to State/Agent			<u>3,724.25</u>
			<u>3,763.52</u>
Balance December 31, 2012		\$	<u><u>593.47</u></u>
<u>Analysis of Balance December 31, 2012</u>			
Due to the State of New Jersey		\$	267.00
Due to Agent			<u>326.47</u>
		\$	<u><u>593.47</u></u>

TOWNSHIP OF COMMERCIAL
 TRUST FUND
 Trust Other Fund
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	Receipts Fees, Refunds and Donations			Disbursements			Balance Dec. 31, 2012
		Treasurer	Collector	Collected in Current Fund	Treasurer	Collector	Disbursed in Current Fund	
Deposits for Redemption of Tax Sale Certificates	\$	\$	\$	\$	\$	\$	\$	\$
Reserve for Tax Sale Premiums	6,500.00		210,917.35			200,279.15		10,638.20
Reserve for Unemployment	40,327.61	1,519.30	1,600.00	100.00	139.96	1,800.00	689.86	41,117.09
Reserve for Sanitary Landfill Closure:								
Post Closure Landfill Escrow	150,223.50	705.20						150,928.70
DEP Closure Escrow Account	29,517.22	121.96						29,639.18
Recreational Donations	2,268.91	12,349.00			13,534.86			1,083.05
Reserve for Planning Board Escrow	12,429.28	29,343.47			16,505.86			25,266.89
Reserve for Public Defender Fees	7,823.06			575.00			3,025.08	5,372.98
Compensated Absences		25,003.78						25,003.78
Net Payroll		431,950.71			431,950.71			
Payroll Taxes Payable	1,096.34	306,922.83			307,319.72			699.45
	<u>\$ 250,185.92</u>	<u>\$ 807,916.25</u>	<u>\$ 212,517.35</u>	<u>\$ 675.00</u>	<u>\$ 769,451.11</u>	<u>\$ 202,079.15</u>	<u>\$ 3,714.94</u>	<u>\$ 296,049.32</u>

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	Transfers		Balance Dec. 31, 2012
		From	To	
Fund Balance	\$ 29,289.06	\$ 10,000.00	\$	\$ 19,289.06
Capital Improvement Fund	173,349.00	90,000.00	10,000.00	93,349.00
Reserve for Encumbrances	86,838.40	86,838.40	170,939.00	170,939.00
Due from Current Fund	(25,838.29)	295,000.00	165,823.30	(155,014.99)
Improvement Authorizations:				
<u>Ordinance</u>				
<u>Date</u>				
04-455 Various General Improvements	4,510.00	500.00		4,010.00
06-467 Various General Improvements	6,224.83	2,592.00		3,632.83
07-479/11-524 Purchase of Building Generator, Engineering Fees, Purchase of 2 YD Dump Truck & Road Repairs	(136,640.90)		142,500.00	5,859.10
07-483/11-525 Road and Drainage Repairs	(142,500.00)		142,500.00	
08-495 Various General Improvements				
11-520 Various General Improvements	3,552.90	90,391.30	86,838.40	
11-527 Acquisition of Land	1,215.00			1,215.00
12-529 Renovation to the Robbinstown Library		197,279.00	50,000.00	(147,279.00)
12-531 Purchase of a Used Dozer		36,000.00	40,000.00	4,000.00
	\$ -	\$ 808,600.70	\$ 808,600.70	\$ -

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 25,838.29
Increased by:		
2012 Budget Appropriation:		
Capital Improvement Fund	\$ 10,000.00	
Amounts Received in Current Fund		
Notes Issued for Cash Received in Current Fund	<u>285,000.00</u>	
		<u>295,000.00</u>
		320,838.29
Decreased by:		
Amounts Disbursed in Current Fund		
Improvement Authorizations Expenditures	\$ 132,231.30	
Notes Paid with Capital Cash	<u>3,092.00</u>	
	135,323.30	
Expenditures Transferred From Grant Fund	<u>20,500.00</u>	
	155,823.30	
Capital Fund Balance Anticipated as Revenue	<u>10,000.00</u>	
		<u>165,823.30</u>
Balance December 31, 2012		<u><u>\$ 155,014.99</u></u>

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2012

Ordinance No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Notes Funded by Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
04-455	Various General Improvements	\$ 207,500.00		\$ 52,000.00	\$ 155,500.00	\$ 155,500.00		\$
06-467	Various General Improvements	317,408.00		53,000.00	264,408.00	264,408.00		
06-475	Construction of Post Office and Other Municipal Building Improvements	255,500.00		42,500.00	213,000.00	213,000.00		
08-495	Various Capital Improvements	260,000.00		32,500.00	227,500.00	227,500.00		
11-520	Various General Improvements	380,000.00			380,000.00	380,000.00		
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	142,500.00			142,500.00	142,500.00		
07-483/11-525	Road and Drainage Improvements	142,500.00			142,500.00	142,500.00		
12-529	Renovations to the Robbinstown Library		150,000.00		150,000.00		147,279.00	2,721.00
		<u>\$ 1,705,408.00</u>	<u>\$ 150,000.00</u>	<u>\$ 180,000.00</u>	<u>\$ 1,675,408.00</u>	<u>\$ 1,525,408.00</u>	<u>\$ 147,279.00</u>	<u>\$ 2,721.00</u>
	Improvement Authorizations - Unfunded							\$ 16,222.93
	Less:							
	Unexpended Balance of Notes:							
04-455	Various General Improvements						\$ 4,010.00	
06-467	Various General Improvements						3,632.83	
11-520	Various Capital Improvements						<u>5,859.10</u>	
								<u>13,501.93</u>
								<u>\$ 2,721.00</u>

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

Improvement Description	Ord. No.	Ordinance		Dec. 31, 2011			2012 Authorizations		Dec. 31, 2012		
		Date	Amount	Funded	Unfunded	Encumbrances	Capital Improvement Fund	Deferred Charges to Future Taxation- Unfunded	Paid or Charged	Funded	Unfunded
Various General Improvements	04-455	5/23/02	\$ 151,000.00	\$	\$	\$	\$	\$	\$	\$	\$
		3/18/04	600,000.00		4,010.00						4,010.00
Various General Improvements	06-467	4/28/06	958,000.00		3,632.83						3,632.83
Purchase of Building Generator, Engineering Fees, Purchase of 2 Yard Dump Truck and Road Repairs	07-479 / 11-524	4/19/07	150,000.00		5,859.10						5,859.10
Various General Improvements	11-520	4/21/11	400,000.00		3,552.90	86,838.40			90,391.30		
Acquisition of Land	11-527	12/15/11	45,000.00	1,215.00						1,215.00	
Renovations to the Robbinstown Library	12-529	2/16/12	200,000.00				50,000.00	150,000.00	197,279.00		2,721.00
Purchase of a Used Dozer	12-531	5/17/12	40,000.00				40,000.00		36,000.00	4,000.00	
				<u>\$ 1,215.00</u>	<u>\$ 17,054.83</u>	<u>\$ 86,838.40</u>	<u>\$ 90,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 323,670.30</u>	<u>\$ 5,215.00</u>	<u>\$ 16,222.93</u>
Reserve for Encumbrances									\$ 170,939.00		
Due to Current Fund -- Federal and State Grant Fund Expenditures Reimbursed -- Robbinstown Library									20,500.00		
Disbursed in Current Fund									132,231.30		
									<u>\$ 323,670.30</u>		

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 173,349.00
Increased by:	
2012 Budget Appropriation--Due from Current Fund	<u>10,000.00</u>
	183,349.00
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>90,000.00</u>
Balance December 31, 2012	<u><u>\$ 93,349.00</u></u>

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
04-455	Various General Improvements	12/08/04	08/17/11	08/17/12	2.00%	\$ 208,000.00		\$ 208,000.00	
04-455	Various General Improvements	12/08/04	08/17/12	08/16/13	1.24%		155,500.00		155,500.00
06-467	Various General Improvements	12/01/06	08/17/11	08/17/12	2.00%	320,000.00		320,000.00	
06-467	Various General Improvements	12/01/06	08/17/12	08/16/13	1.24%		264,408.00		264,408.00
06-475	Construction of Post Office and Other Municipal Building Improvements	12/01/06	08/17/11	08/17/12	2.00%	255,500.00		255,500.00	
06-475	Construction of Post Office and Other Municipal Building Improvements	12/01/06	08/17/12	08/16/13	1.24%		213,000.00		213,000.00
08-495	Various Capital Improvements	04/17/08	08/17/11	08/17/12	2.00%	260,000.00		260,000.00	
08-495	Various Capital Improvements	04/17/08	08/17/12	08/16/13	1.24%		227,500.00		227,500.00
11-520	Various Capital Improvements	08/17/11	08/17/11	08/17/12	2.00%	380,000.00		380,000.00	
11-520	Various Capital Improvements	08/17/11	08/17/12	08/16/13	1.24%		380,000.00		380,000.00
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	08/17/12	08/17/12	08/16/13	1.24%		142,500.00		142,500.00
07-483/11-525	Road and Drainage Improvements	08/17/12	08/17/12	08/16/13	1.24%		142,500.00		142,500.00
						<u>\$ 1,423,500.00</u>	<u>\$ 1,525,408.00</u>	<u>\$ 1,423,500.00</u>	<u>\$ 1,525,408.00</u>
								\$ 180,000.00	
								3,092.00	
						\$ 285,000.00			
						<u>1,240,408.00</u>	<u>1,240,408.00</u>		
						<u>\$ 1,525,408.00</u>	<u>\$ 1,423,500.00</u>		

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Schedule of Bonds and Notes Authorized but Not Issued
 For the Year Ended December 31, 2012

Ordinance No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Notes Issued	Balance Dec. 31, 2012
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	\$ 142,500.00	\$	\$ 142,500.00	\$
07-483/11-525	Road and Drainage Improvements	142,500.00		142,500.00	
12-529	Renovations to the Robbinstown Library		150,000.00		150,000.00
		<u>\$ 285,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 150,000.00</u>

TOWNSHIP OF COMMERCIAL
PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF COMMERCIAL
Schedule of Findings and Recommendations
For the Year Ended December 31, 2012

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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2012-1

Criteria

N.J.A.C. 5:30-5.4 states that the chief financial officer shall certify in writing to the governing body the availability or lack thereof of adequate funds for each contract which is pending approval by the governing body and such certification of availability of funds shall be attached to the original copy of the resolution or ordinance.

Condition

A certificate of availability of funds was not executed and filed with all of the professional service contracts or awarding resolution.

Context

During the test of Local Public Contract Law compliance, it was noted that two professional service contracts did not have a certificate of availability of funds executed or filed with the resolution.

Effect

The funding budget appropriation account for professional service contracts is not properly identified upon award of the contract by resolution.

Cause

Client oversight.

Recommendation

That a certification of availability of funds, signed by the chief financial officer, be prepared and filed with the resolution when a contract is awarded in accordance with N.J.A.C. 5:30-5.4.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF COMMERCIAL
Schedule of Findings and Recommendations
For the Year Ended December 31, 2012

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2012-2

Criteria

A sound framework of internal control is necessary to afford a reasonable basis for the Chief Financial Officer to assert that the information they provide can be relied upon. This requires that a complete and accurate general ledger be maintained for each fund to ensure adequate control over the preparation of financial statements including related disclosures. N.J.A.C.5:30-5.2 states that an encumbrance accounting system is required to be used for the current fund.

Condition

The following control deficiency has been identified in the design and operation of entity level and activity level controls that is considered a material weakness in the Township's financial reporting system. The general ledgers for all funds did not present all non-cash activity for the year; a general ledger was not maintained for the trust funds; and the subsidiary records were not reconciled to the general ledger. As a result audit adjusting journal entries were required in order to achieve proper presentation in the financial statements.

Context

During the audit, numerous non-cash journal entries were necessary to achieve proper presentation of the financial activity in the financial statements.

Effect

Without a properly maintained general ledger system, the preparation of accurate and reliable financial statements and related disclosures may not be achieved and the Township subsidiary records may not be complete and could result in improper reliance by the Township's decision makers on reports generated by the computer accounting system that have inaccuracies.

Cause

Procedures were not designed and followed to assure all transactions were recorded in the general ledger or to reconcile the various subsidiary records with control accounts maintained in the general ledger system on a periodic basis.

Recommendation

That adequate internal control policies and procedures are developed to ensure the general ledger and corresponding subsidiary ledgers for all funds are accurately and completely maintained.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF COMMERCIAL
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial that are required to be reported in accordance with Government Auditing Standards.

Finding No. 2011-1

Condition

The following control deficiency has been identified in the design and operation of entity level and activity level controls that is considered a material weakness in the Township's financial reporting system.

The general ledgers for all funds were not properly maintained and as a result audit adjusting journal entries were required in order to achieve proper presentation in the financial statements. The subsidiary record for budgetary expenditures showed that authorized charges were not recorded against budget appropriations at the time of authorization.

Current Status

This finding has not been fully resolved, see finding 2012-2.

Planned Corrective Action

The CFO will develop policies and procedures to ensure that all required end of year adjusting journal entries are completed in order to achieve proper presentation in the financial statements.

Finding No. 2011-2

Condition

The Township did not have a completed Foreclosed Property record for municipal owned property as of December 31, 2011 available for audit.

Current Status

This finding has been resolved.

Finding No. 2011-3

Condition

There was an over expenditure of a budget reserve appropriation in the amount of \$3,060.97.

Current Status

This finding has been resolved.

TOWNSHIP OF COMMERCIAL
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management (Cont'd)

Finding No. 2011-4

Condition

A certificate of availability of funds was not executed and filed with all of the professional service contracts or resolution; and the award of all contracts for professional services were not advertised, as required.

Current Status

This finding has been not been resolved, see finding 2012-1.

Planned Corrective Action

A certificate of availability of funds will be executed and filed with all of the professional service contracts or resolution.

Finding No. 2011-5

Condition

During our examination of the Township's compliance with *Local Public Contracts Law*, we noted the following regarding compliance with Pay-to-Play legislation; the Township did not obtain required documentation in accordance with the *non-fair and open process* for two vendors who received aggregate payments in excess the stipulated threshold of 17,500.00.

Current Status

This finding has been resolved.

TOWNSHIP OF COMMERCIAL
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>
Donna Moore	Mayor	
William Riggan	Deputy Mayor	
Fletcher Jamison	Committee Member	
Pamela Humphries	Chief Financial Officer	\$ 1,000,000 (A)
Hannah Nichols	Township Clerk/ Register of Vital Statistics/ Dog Registrar/Fish & Game Agent	1,000,000 (A)
Jeanne Hitchner	Deputy Clerk	1,000,000 (A)
Leslie Kraus	Tax Collector	1,000,000 (A)
Ruth Benz	Tax Assessor	1,000,000 (A)
Paul Kienzle	Judge	1,000,000 (A)
Edward Duffy	Prosecutor	1,000,000 (A)
William Reilly	Public Defender	1,000,000 (A)
Maryann Sheppard	Court Administrator	1,000,000 (A)
Patty Adams	Deputy Court Administrator	1,000,000 (A)
David Dean	Construction Code Official and Housing/Zoning Officer	1,000,000 (A)
Frank DiDomenico	Land Use Board Solicitor	1,000,000 (A)
Richard Peterson	Emergency Management Coordinator	1,000,000 (A)
Thomas Mahoney	Fire Sub-code Official	1,000,000 (A)
Joseph Freeman	Electrical Inspector	1,000,000 (A)
Wayne Shelton	Plumbing Sub-code Official	1,000,000 (A)
Cindy Tawes	Senior Center Coordinator	1,000,000 (A)
Edward Dennis, Jr	Engineer	
Thomas Seeley	Solicitor	

(A) Covered by Atlantic County Municipal Joint Insurance Fund

All Copies of the bonds and policy were examined and found to be properly executed.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

