

**TOWNSHIP OF BERLIN
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE SIX MONTH REVERSION PERIOD ENDED
DECEMBER 31, 2012**

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TOWNSHIP OF BERLIN

PART 1

**REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE SIX MONTH YEAR REVERSION PERIOD ENDED
DECEMBER 31, 2012**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Berlin
Berlin Township, New Jersey 08091

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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2012, and the related statements of operations and changes in fund balance - regulatory basis for the six month reversion period 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 six month reversion period 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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2012, or the results of its operations and changes in fund balance for the six month reversion period 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 Berlin, in the County of Camden, State of New Jersey, as of December 31, 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the six month reversion period then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the six month reversion period 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 June 12, 2013 on our consideration of the Township of Berlin's, in the County of Camden, 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 Berlin's internal control over financial reporting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 12, 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 Council
Township of Camden
Berlin Township, New Jersey 08091

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 Berlin, in the County of Camden, State of New Jersey, as of and for the six month reversion period 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 June 12, 2013. That report indicated that the Township of Berlin'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 Berlin'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 Berlin'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Berlin'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

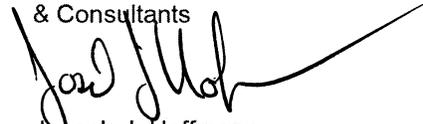
Purpose of this Report

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
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 12, 2013

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2012</u>
Current Fund:		
Cash--Treasurer	SA-1	\$ 2,688,148.99
Cash--Change Funds	SA-3	<u>250.00</u>
		<u>2,688,398.99</u>
Receivables and Other Assets with Full Reserves:		
Tax Title Liens Receivable	SA-5	223,855.68
Property Acquired for Taxes--Assessed Valuation	A	300,000.00
Delinquent Property Taxes Receivable	SA-6	207,559.30
Revenue Accounts Receivable	SA-7	8,855.09
Maintenance Lien Receivable	A-2	555.00
Due from Trust--Animal Control Funds	SB-3	7,505.63
Due from Trust--Other	SB-2	253.18
Due from Trust--Open Space	SB-1	1,070.84
Due General Capital Fund	SC-3	27.51
Due from Federal and State Grant Fund	A	<u>287,123.39</u>
		<u>1,036,805.62</u>
		<u>3,725,204.61</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	SA-17	<u>961,865.43</u>
		<u>961,865.43</u>
		<u>\$ 4,687,070.04</u>

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

	<u>Ref.</u>	<u>2012</u>
<u>LIABILITIES, RESERVES</u>		
<u>AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	A-3 & SA-8	\$ 301,902.23
Reserve for Encumbrances	A-3 & SA-8	140,335.50
Accounts Payable	SA-8	35,673.78
Prepaid Taxes	SA-9	216,352.41
Due County--Added and Omitted Taxes	SA-12	15,494.61
Due to State of NJ--SC & Veterans	SA-4	1,935.40
State Training Fees Due to State of New Jersey	SA-10	16,106.00
Marriage License Fees Due to State of New Jersey	SA-11	100.00
Reserve for Developers Agreement	SA-1	<u>150,000.00</u>
		<u>877,899.93</u>
Reserve for Receivables and Other Assets	A	1,036,805.62
Fund Balance	A-1	<u>1,810,499.06</u>
		<u>3,725,204.61</u>
Federal and State Grant Fund:		
Due to Current Fund	SA-1	287,123.39
Contracts Payable	SA-1 ; SA-19	147,305.96
Reserve for Federal and State Grants--Appropriated	SA-19	<u>527,436.08</u>
		<u>961,865.43</u>
		<u>\$ 4,687,070.04</u>

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

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Operations and Changes in Fund Balance--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	<u>2012</u>
<u>Revenue and Other</u>	
<u>Income Realized</u>	
Miscellaneous Revenue Anticipated	\$ 1,643,867.07
Receipts from Current Taxes	9,397,611.31
Non-Budget Revenue	412,095.09
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	376,909.07
Liquidation of Reserves for:	
Due from General Capital Fund	0.08
	11,830,482.62
 Total Income	 11,830,482.62
 <u>Expenditures</u>	
Budget and Emergency Appropriations:	
Within "CAPS":	
Operations:	
Salaries and Wages	1,547,280.00
Other Expenses	1,378,985.00
Deferred Charges and Statutory Expenditures	127,897.82
Excluded from "CAPS":	
Operations:	
Salaries and Wages	23,600.00
Other Expenses	39,951.62
Capital Improvements	20,000.00
Municipal Debt Service	480,765.25
County Taxes	2,295,137.76
Local District School Taxes	4,067,778.50
Fire District Taxes	227,500.00
Due County of Added and Omitted Taxes	15,494.61
Municipal Open Space Taxes	70,585.46
Creation of Reserves for:	
Due from Animal Control Fund	3,005.63
Due from Federal and State Grant Fund	254,035.41
Due from Trust -- Other	253.18
Due from Trust -- Open Space	1,070.84
	10,553,341.08
 Total Expenditures	 10,553,341.08

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Operations and Changes in Fund Balance--Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	<u>2012</u>
Excess in Revenue	\$ 1,277,141.54
Adjustments to Income before Fund Balance:	
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	-
Statutory Excess to Fund Balance	1,277,141.54
<u>Fund Balance</u>	
Balance July 1	533,357.52
Decreased by:	1,810,499.06
Utilized as Revenue	-
Balance December 31	\$ 1,810,499.06

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

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Revenues--Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Miscellaneous Revenue:				
Licenses:				
Other	\$ 26,000.00		\$ 42,735.00	\$ 16,735.00
Fees and Permits:				
Other	14,900.00		14,106.00	(794.00)
Fines and Costs:				
Municipal Court	25,000.00		76,620.22	51,620.22
Interest and Cost on Taxes	8,000.00		13,572.95	5,572.95
Interest on Investments and Deposits	700.00		1,048.28	348.28
Energy Receipts Tax	1,234,473.00		1,287,847.00	53,374.00
Dedicated Uniform Construction Code Fees offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C.5:23-23-4.17):				
Uniform Construction Code Fees	37,176.35		177,549.00	140,372.65
Public and Private Programs Off-Set with Appropriations:				
Community Development Block Grant	24,000.00		24,000.00	
Body Armor Replacement Grant		\$ 1,988.62	1,988.62	
Drive Sober or Get Pulled Over		4,400.00	4,400.00	
	<u>1,370,249.35</u>	<u>6,388.62</u>	<u>1,643,867.07</u>	<u>267,229.10</u>
Amount to be Raised by Taxes for Support of Municipal Budget including Reserve for Uncollected Taxes	<u>2,912,058.99</u>	<u>-</u>	<u>3,391,297.50</u>	<u>479,238.51</u>
Subtotal General Revenues	<u>4,282,308.34</u>	<u>6,388.62</u>	<u>5,035,164.57</u>	<u>746,467.61</u>
Budget Totals	4,282,308.34	6,388.62	5,035,164.57	746,467.61
Non-Budget Revenues	-	-	412,095.09	412,095.09
	<u>\$ 4,282,308.34</u>	<u>\$ 6,388.62</u>	<u>\$ 5,447,259.66</u>	<u>\$ 1,158,562.70</u>

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 9,397,611.31
Allocated to Local School, Regional School, County, Special District and Municipal Open Space Taxes	<u>6,676,496.33</u>
Balance for Support of Municipal Budget Appropriations	2,721,114.98
Add: Appropriation "Reserve for Uncollected Taxes"	<u>670,182.52</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 3,391,297.50</u></u>

Fees and Permits--Other:

Improvement Searches	
Licenses	\$ 60.00
Municipal Clerk	3,000.00
Registrar of Vital Statistics	1,646.00
Planning Board	550.00
Continued Certificate of Occupancy	2,400.00
Zoning Board	6,150.00
Tax Search Fees	<u>300.00</u>
	<u><u>\$ 14,106.00</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Tax Collector:	
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 3,302.35
Tax Sale Advertising Fees	<u>-</u>
	\$ 3,302.35
Treasurer:	
Police Outside Services	6,170.00
Photocopy Fees	1,574.80
Developer's Misc. Agreement	350,000.00
Library Sales and Fees	230.65
NJ MVC Inspection Fees	300.00
Marriage Fees	1,600.00
Refund - TD Bank Refunding	9,281.85
Hurricane Irene FEMA Grant	3,051.00
Miscellaneous	10,312.61
Payments In Lieu of Taxes - Taunton Run	7,750.00
Refund of Prior Year Expenditures	<u>18,241.14</u>
	408,512.05
Due From Trust Other	253.18
Due From General Capital Fund	<u>27.51</u>
	<u><u>\$ 412,095.09</u></u>

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

TOWNSHIP OF BERLIN
CURRENT FUND

Statement of Expenditures--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS--WITHIN "CAPS"						
General Government						
Mayor and Council						
Salaries and Wages	\$ 27,600.00	\$ 27,600.00	\$ 27,550.08		49.92	
Other Expenses	12,750.00	16,750.00	14,018.53	\$ 600.00	2,131.47	
Financial Administration						
Salaries and Wages	49,400.00	49,400.00	39,505.96		9,894.04	
Other Expenses	5,900.00	10,900.00	9,866.01	950.00	83.99	
Tax Assessment Administration						
Salaries and Wages	13,500.00	15,000.00	14,963.00		37.00	
Other Expenses	3,300.00	3,300.00	1,258.63		2,041.37	
Revenue Administration						
Salaries and Wages	38,500.00	38,500.00	38,471.16		28.84	
Other Expenses	6,900.00	8,700.00	7,093.63		1,606.37	
Township Clerk						
Salaries and Wages	44,600.00	44,600.00	44,524.94		75.06	
Other Expenses	20,700.00	26,200.00	16,934.75	5,186.09	4,079.16	
Legal Services and Costs						
Other Expenses	50,000.00	40,000.00	23,477.27	7,841.30	8,681.43	
Municipal Prosecutor						
Salaries and Wages	6,300.00	6,300.00	6,299.46		0.54	
Other Expenses	300.00	300.00			300.00	
Engineering Services and Costs						
Salaries and Wages	37,300.00	37,300.00	24,442.66		12,857.34	
Other Expenses	4,900.00	6,400.00	3,011.21	916.10	2,472.69	
Public Buildings and Grounds						
Salaries and Wages	25,700.00	25,700.00	23,153.03		2,546.97	
Other Expenses	24,500.00	24,500.00	7,924.17	8,691.61	7,884.22	
Audit Services						
Other Expenses	30,000.00	26,000.00	6,247.00	19,000.00	753.00	
Municipal Land Use Law (N.J.S.40:55D-1) Planning Board						
Other Expenses	6,000.00	4,000.00	2,166.68	1,083.34	749.98	

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND

Statement of Expenditures--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS--WITHIN "CAPS" (CONT'D)						
General Government (Cont'd)						
Insurance						
Health Benefit Waiver -- Opt Out	\$ 5,000.00	\$ 5,000.00	\$ 4,922.82		\$ 77.18	
Liability Insurance	500.00	500.00	237.00		263.00	
Workers Compensation Insurance						
Group Insurance	695,900.00	695,900.00	598,873.16		97,026.84	
Unemployment Compensation Insurance	8,000.00	8,000.00	5,233.60		2,766.40	
Municipal Court						
Salaries and Wages	53,600.00	53,600.00	53,361.44		238.56	
Other Expenses	28,850.00	28,850.00	16,128.66	\$ 10,516.00	2,205.34	
Public Defender						
Other Expenses	300.00	300.00			300.00	
Public Safety						
Police						
Salaries and Wages	860,600.00	884,100.00	875,965.32		8,134.68	
Other Expenses	86,135.00	58,835.00	40,803.32	15,303.86	2,727.82	
Office of Emergency Management						
Salaries and Wages	1,000.00	1,000.00	259.98		740.02	
Other Expenses	350.00	350.00	29.88		320.12	
Ambulance Association						
Other Expenses	20,000.00	22,000.00	21,903.57		96.43	
Streets and Roads						
Road Repairs and Maintenance						
Salaries and Wages	49,880.00	44,880.00	36,025.76		8,854.24	
Other Expenses	11,800.00	11,800.00	815.64	1,908.30	9,076.06	
Solid Waste Collection						
Salaries and Wages	184,800.00	184,800.00	177,942.58		6,857.42	
Other Expenses	7,350.00	7,350.00	4,043.09	944.77	2,362.14	
Vehicle Maintenance						
Salaries and Wages	54,800.00	54,800.00	52,494.61		2,305.39	
Other Expenses	51,400.00	54,400.00	37,671.66	9,988.64	6,739.70	

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
OPERATIONS--WITHIN "CAPS" (CONTD)						
Unclassified						
Utilities:						
Telephone	\$ 15,900.00	\$ 17,900.00	\$ 12,277.66	\$ 3,300.00	\$ 2,322.34	
Street Lighting	46,700.00	46,700.00	33,082.45	8,500.00	5,117.55	
Electricity and Natural Gas	53,000.00	53,000.00	25,663.85	8,000.00	19,336.15	
Water	3,000.00	3,000.00	2,668.70		331.30	
Petroleum Products	70,000.00	70,000.00	46,147.98	16,500.00	7,352.02	
Sewerage	3,600.00	3,600.00	2,759.00		841.00	
Telecommunications	1,500.00	2,000.00	1,409.82		590.18	
Landfill/Solid Waste Disposal	92,000.00	82,000.00	46,236.82	20,232.86	15,530.32	
Accumulated Sick leave Compensation	20,000.00	13,000.00	13,000.00			
Total Operations--Within "CAPS"	2,931,265.00	2,926,265.00	2,507,183.25	140,335.50	278,746.25	-
Detail:						
Salaries and Wages	1,531,280.00	1,547,280.00	1,492,224.14	-	55,055.86	-
Other Expenses	1,399,985.00	1,378,985.00	1,014,959.11	140,335.50	223,690.39	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES--MUNICIPAL--WITHIN "CAPS"						
Deferred Charges:						
Deficit in Animal Control Reserve	3,397.82	3,397.82	3,397.82			
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	118,500.00	123,500.00	107,593.86		15,906.14	
Defined Contribution Retirement Plan	1,000.00	1,000.00	250.90		749.10	
Total Deferred Charges and Statutory Expenditures--Municipal--Within "CAPS"	122,897.82	127,897.82	111,242.58	-	16,655.24	-
Total General Appropriations for Municipal Purposes--Within "CAPS"	3,054,162.82	3,054,162.82	2,618,425.83	140,335.50	295,401.49	-

(Continued)

**TOWNSHIP OF BERLIN
CURRENT FUND**

Statement of Expenditures--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
Storm Water Management						
Salary and Wages	\$ 23,600.00	\$ 23,600.00	\$ 22,578.94		\$ 1,021.06	
Other Expenses	9,563.00	9,563.00	4,063.32		5,479.68	
Public and Private Programs						
Off-Set by Revenues						
Drive Sober or Get Pulled Over Grant (40A:4-87 + \$4,400.00)		-	4,400.00			
Community Development Block Grant - Year 34	24,000.00	24,000.00	24,000.00			
Body Armor Replacement Grant (40A:4-87 + \$1,988.62)		1,988.62	1,988.62			
Total Operations--Excluded from "CAPS"	57,163.00	63,551.62	57,050.88	-	6,500.74	-
OPERATIONS EXCLUDED FROM "CAPS"						
Detail:						
Salaries and Wages	23,600.00	23,600.00	22,578.94	-	1,021.06	-
Other Expenses	33,563.00	39,951.62	34,471.94	-	5,479.68	-
CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
Total Capital Improvements--Excluded from "CAPS"	20,000.00	20,000.00	20,000.00	-	-	-

**TOWNSHIP OF BERLIN
CURRENT FUND**

Statement of Expenditures--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>MUNICIPAL DEBT SERVICE-- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 174,500.00	\$ 174,500.00	\$ 174,500.00			\$ 34.75
Interest on Bonds	306,300.00	306,300.00	306,265.25			
Total Municipal Debt Service-- Excluded from "CAPS"	480,800.00	480,800.00	480,765.25	-	-	34.75
Total General Appropriations for Municipal Purposes--Excluded from "CAPS"	557,963.00	564,351.62	557,816.13	-	\$ 6,500.74	34.75
Subtotal General Appropriations	3,612,125.82	3,618,514.44	3,176,241.96	\$ 140,335.50	301,902.23	34.75
Reserve for Uncollected Taxes	670,182.52	670,182.52	670,182.52	-	-	-
	<u>\$ 4,282,308.34</u>	<u>\$ 4,288,696.96</u>	<u>\$ 3,846,424.48</u>	<u>\$ 140,335.50</u>	<u>\$ 301,902.23</u>	<u>\$ 34.75</u>
Appropriation by 40A:4-87		\$ 6,388.62				
Emergency Appropriation 40A:4-47		-				
Budget as Adopted		<u>4,282,308.34</u>				
		<u>\$ 4,288,696.96</u>				
Reserve for Uncollected Taxes		\$ 670,182.52				
Reserve for Federal and State Grant Funds--Appropriated		30,388.62				
Refunds		(95,883.92)				
Disbursed		<u>3,241,737.26</u>				
		<u>\$ 3,846,424.48</u>				

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

TOWNSHIP OF BERLIN
TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2012</u>
Animal Control Fund:		
Cash	SB-1	\$ 1,412.80
Deficit in Reserve	SB-4	<u>7,060.03</u>
		<u>8,472.83</u>
Other Funds:		
Cash--Treasurer	SB-1	839,995.75
Due Bank	SB-1	<u>43.43</u>
		<u>840,039.18</u>
Municipal Open Space Fund:		
Cash	SB-1	41,788.59
Due from General Capital Fund	SC-6	<u>2,652.17</u>
		<u>44,440.76</u>
		<u>\$ 892,952.77</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund:		
Due Current Fund	SB-3	\$ 7,505.63
Accounts Payable	SB-4	966.00
Due to State Board of Health	SB-5	<u>1.20</u>
		<u>8,472.83</u>
Other Funds:		
Due Sewer Operating	B	4.20
Due Current Fund	SB-2	253.18
Reserve for Escrow Deposits	SB-6	377,781.53
Reserve for New Jersey Unemployment Compensation Insurance	SB-6	46,992.43
Reserve for Recycling Program	SB-6	32,911.88
Reserve for Accumulated Sick Leave	SB-6	76,830.51
Reserve for Redemption of Tax Sale Certificates	SB-6	9,957.75
Reserve for Parking Offenses Adjudication Act	SB-6	1,076.00
Reserve for Municipal Law Enforcement Grant Program Expenditures	SB-6	15,031.05
Reserve for Township Rehabilitation	SB-6	20,309.78
Reserve for Municipal Public Defender Fees	SB-6	3,403.18
Reserve for Municipal Alcohol and Drug Alliance Program	SB-6	0.37
Reserve for Snow Removal	SB-6	35,834.49
Reserve for NPP - Bench Program & Old West Berlin Association	SB-6	658.42
Reserve for John J. McPeak Library	SB-6	4,757.77
Reserve for Berlin Township Police Department	SB-6	1,661.47
Reserve for Premium on Tax Sale	SB-6	172,700.00
Reserve for Flexible Benefits Plan	SB-6	348.27
Accounts Payable	SB-1 ; SB-6	17,313.14
Payroll Deductions Payable	SB-8	<u>22,213.76</u>
		<u>840,039.18</u>
Municipal Open Space Fund:		
Due Current Fund	SB-1	1,070.84
Reserve for Future Use	SB-7	<u>43,369.92</u>
		<u>44,440.76</u>
		<u>\$ 892,952.77</u>

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

TOWNSHIP OF BERLIN
 TRUST -- MUNICIPAL OPEN SPACE FUND
 Statement of Revenues -- Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Reserve Funds			
Amount to be Raised by Taxation	\$ 70,093.00	\$ 70,585.46	\$ 492.46
Miscellaneous		1.86	1.86
	<u>\$ 70,093.00</u>	<u>\$ 70,587.32</u>	<u>\$ 494.32</u>

Analysis of Realized Revenues

Receipts:		
Current Year Levy		\$ 70,585.46
Interest on Deposits -- Due General Capital Fund	\$ 1.60	
Due from General Capital Fund	0.26	
		1.86
		<u>\$ 70,587.32</u>

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

TOWNSHIP OF BERLIN
 TRUST -- MUNICIPAL OPEN SPACE FUND
 Statement of Expenditures -- Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	<u>Appropriations</u>		<u>Paid or</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Original</u>	<u>Budget After</u>	<u>Charged</u>		<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>			<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00		
Other Expenses	18,720.00	18,720.00	18,720.00		
Total Operating	47,720.00	47,720.00	47,720.00		
Debt Service:					
Payment of Bond Principal	6,070.00	6,070.00	6,061.06		\$ 8.94
Interest on Bonds	1,720.00	1,720.00	1,711.84		8.16
Total Debt Service	7,790.00	7,790.00	7,772.90		17.10
Reserve for Future Use	14,583.00	14,583.00		\$ 14,583.00	
	\$ 70,093.00	\$ 70,093.00	\$ 55,492.90	\$ 14,583.00	\$ 17.10
Disbursed			\$ 55,492.90		

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

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2012</u>
Cash	SC-1	\$ 1,073,315.48
Deferred Charges to Future Taxation:		
Funded	SC-4	14,278,122.71
Unfunded	SC-5	<u>615,000.00</u>
		<u>\$ 15,966,438.19</u>
<u>LIABILITIES, RESERVES</u>		
<u>AND FUND BALANCE</u>		
General Serial Bonds	SC-10	\$ 14,113,000.00
Green Acres Loan	SC-11	165,122.71
Contracts Payable	SC-9	78,923.48
Accounts Payable	SC-7	796.10
Improvement Authorizations:		
Funded	SC-8	1,230,686.49
Unfunded	SC-8	284,923.06
Capital Improvement Fund	SC-7	35,000.00
Reserve for Developers Contribution	C	55,266.67
Due to Current Fund	SC-3	27.51
Due to Open Space Trust Fund	SC-6	2,652.17
Fund Balance	C	<u>40.00</u>
		<u>\$ 15,966,438.19</u>

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

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2012</u>
Operating Fund:		
Cash	SD-1	\$ 505,726.31
Due Trust Other Fund	D	4.20
Due from Sewer Utility Capital Fund	SD-10	<u>9,048.06</u>
		514,778.57
Receivables with Full Reserves:		
Consumer Accounts Receivable	SD-4	<u>10,758.19</u>
Total Receivables with Full Reserves		<u>10,758.19</u>
Total Operating Fund		<u>525,536.76</u>
Capital Fund:		
Cash	SD-1, SD-2	9,048.06
Fixed Capital	SD-5	<u>12,641,344.10</u>
Total Capital Fund		<u>12,650,392.16</u>
		<u>\$ 13,175,928.92</u>

(Continued)

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2012

	<u>Ref.</u>	<u>2012</u>
<u>LIABILITIES, RESERVES</u>		
<u>AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	D-3, SD-9	\$ 39,837.72
Reserve for Encumbrances	D-3, SD-9	14,578.20
Prepaid Sewer Rents	SD-6	169,227.61
Accrued Interest on Bonds	SD-8	<u>96,637.81</u>
		320,281.34
Reserve for Receivables	D	10,758.19
Fund Balance	D-1	<u>194,497.23</u>
Total Operating Fund		<u>525,536.76</u>
Capital Fund:		
Sewer Refunding Bonds	SD-12	6,450,000.00
Reserve for Amortization	SD-11	6,191,344.10
Due to Sewer Utility Operating Fund	SD-10	<u>9,048.06</u>
Total Capital Fund		<u>12,650,392.16</u>
		<u>\$ 13,175,928.92</u>

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

TOWNSHIP OF BERLIN
SEWER UTILITY FUND

Statement of Operations and Changes in Operating Fund Balance--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

Revenue and Other
Income Realized

Rents	\$ 500,025.44
Connection Fees	16,020.00
Miscellaneous	2,681.37
Other Credits to Income:	
Unexpended Balances of Appropriation Reserves	<u>20,818.20</u>
 Total Income	 <u>539,545.01</u>

Expenditures

Operating	230,700.00
Debt Service	228,817.08
Deferred Charges and Statutory Expenditures	<u>6,600.00</u>
 Total Expenditures	 <u>466,117.08</u>

Excess in Revenue	73,427.93
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Fund Balance

Balance July 1	<u>121,069.30</u>
Balance December 31	<u><u>\$ 194,497.23</u></u>

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

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Revenues--Regulatory Basis
For the Six Month Reversion Period Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	\$ 464,108.95	\$ 500,025.44	\$ 35,916.49
Connection Fees		16,020.00	16,020.00
Miscellaneous	<u>2,091.05</u>	<u>2,681.37</u>	<u>590.32</u>
	<u>\$ 466,200.00</u>	<u>\$ 518,726.81</u>	<u>\$ 52,526.81</u>

Analysis of Realized Revenues:

Rents:

Consumer Accounts Receivable:

Sewer Rents:

Collections

\$ 343,765.50

Prepaid Rents Applied

156,259.94

\$ 500,025.44

Miscellaneous:

Treasurer:

Interest Earned on Deposits--Due Sewer Utility Capital Fund

3.27

Collector:

Interest on Delinquent Accounts

2,678.10

\$ 2,681.37

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

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
 Statement of Expenditures--Regulatory Basis
 For the Six Month Reversion Period Ended December 31, 2012

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Original Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 81,800.00	\$ 83,800.00	\$ 83,074.43	\$ 725.57		
Other Expenses	148,900.00	146,900.00	93,849.37	38,472.43		
Total Operating	230,700.00	230,700.00	176,923.80	14,578.20	39,198.00	
Debt Service:						
Payment of Bond Principal	120,500.00	120,500.00	120,500.00			
Interest on Bonds	108,400.00	108,400.00	108,317.08			\$ 82.92
Total Debt Service	228,900.00	228,900.00	228,817.08			82.92
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	6,300.00	6,300.00	5,902.35	397.65		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	300.00	300.00	57.93	242.07		
Total Statutory Expenditures	6,600.00	6,600.00	5,960.28	639.72		
	\$ 466,200.00	\$ 466,200.00	\$ 411,701.16	\$ 14,578.20	\$ 39,837.72	\$ 82.92
Disbursed			\$ 303,384.08			
Accrued Interest on Bonds			108,317.08			
			\$ 411,701.16			

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

TOWNSHIP OF BERLIN
GENERAL FIXED ASSETS ACCOUNTS GROUP
Statement of General Fixed Assets
For the Reversion Period Ended December 31, 2012

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2012</u>
General Fixed Assets:				
Land and Improvements	\$ 2,726,583.90			\$ 2,726,583.90
Buildings	6,682,952.08			6,682,952.08
Furnishings	90,750.29			90,750.29
Equipment	1,227,179.45	\$ 35,053.69	\$ 25,651.25	1,236,581.89
Vehicles	2,140,376.63			2,140,376.63
Total General Fixed Assets	<u>\$ 12,867,842.35</u>	<u>\$ 35,053.69</u>	<u>\$ 25,651.25</u>	<u>\$ 12,877,244.79</u>
Total Investments in General Fixed Assets	<u>\$ 12,867,842.35</u>	<u>\$ 35,053.69</u>	<u>\$ 25,651.25</u>	<u>\$ 12,877,244.79</u>

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

TOWNSHIP OF BERLIN
Notes to Financial Statements
For the Six Months Reversion Period Ended December 31, 2012

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

Description of Financial Reporting Entity - Originally a portion of the Township of Waterford, Berlin Township was created by an act of legislations on April 11, 1990. On April 29, 1927, the Borough of Berlin seceded from the Township. Today, the township covers an area of 3.27 square miles.

The Township of Berlin is governed by a Township Council which is comprised of a Mayor and four Council Members, all of whom are elected at large. The Mayor's term of office is four years and the terms of the Council Members are three years, staggered, ending December 31. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

Except as noted below, the financial statements of the Township of Berlin include every board, body or officer or commission supported and maintained wholly or in part by the funds appropriated by the Township as required by N.J.S.A. 40A:5-5.

Component Units - The Township of Berlin 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 Berlin 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 Berlin 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.

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

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

Budgets and Budgetary Accounting - The Township of Berlin must adopt an annual budget for its current fund, sewer utility fund and open space trust 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 August 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 Berlin requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inter-funds – Inter-fund 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. Inter-fund 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. Inter-fund 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.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

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 over-expenditures 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.

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

Fund Balance - Fund Balances included in the current fund and utility operating fund represent amounts available for anticipation as revenue in future year's budgets, with certain restrictions.

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 Camden, Township of Berlin School District and the Township of Berlin Fire District No. 1. 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 Berlin School District. Operation's was charged for the full amount required to be raised from taxation to operate the local school district for the reversion period from July 1, 2012 to December 31, 2012.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Camden. Operations is charged for the amount due the County for the reversion period from July 1, 2012 to December 31, 2012, based upon the ratables required to be certified to the County Board of Taxation by January 10, 2012. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10, 2012 and due to be paid to the County by February 15, 2013.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting Fire District Taxes for Township of Berlin Fire District No. 1. Operation's is charged for the full amount required to be raised by taxation to support the districts for the reversion period from July 1, 2012 to December 31, 2012.

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 payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual 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 and Utility Capital Funds. 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 are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2012, the Township's bank balances of \$5,004,413.06 were exposed to custodial credit risk as follows:

Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	\$ 3,728,521.02
Uninsured and Uncollateralized	378,536.51
Insured Under FDIC	<u>897,355.53</u>
Total	<u><u>\$ 5,004,413.06</u></u>

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 \$176,443.90.

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 six month reversion period (RP) ended December 31, 2012, where indicated, the previous four fiscal years (FY) ended on June 30, where indicated, or the previous four calendar years (CY) ended on December 31, where indicated, as follows:

Comparative Schedule of Tax Rates

	<u>CY 2012</u>	<u>CY 2011</u>	<u>CY 2010</u>	<u>CY 2009</u>	<u>CY 2008</u>
Tax Rate	<u>\$5.474</u>	<u>\$5.313</u>	<u>\$4.926</u>	<u>\$4.790</u>	<u>\$4.714</u>
Apportionment of Tax Rate:					
Municipal – General	\$1.742	\$1.648	\$1.370	\$1.253	\$1.153
Municipal Open Space	.040	.040	.040	.040	.040
County	1.259	1.216	1.114	1.089	1.096
Local School	2.303	2.278	2.270	2.282	2.304
Fire District	.130	.131	.132	.126	.121

Assessed Valuation

CY 2012	\$350,468,328.00
CY 2011	347,880,725.00
CY 2010	344,824,838.00
CY 2009	342,606,699.00
CY 2008	341,616,361.00

Comparison of Tax Levies and Collections

<u>Period</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>	
			<u>True Rate (1)</u>	<u>Underlying Rate (2)</u>
RP 2012	\$9,634,815.18	\$9,397,711.31	NA	97.53%
FY 2012	19,390,960.59	19,225,158.64	99.14%	98.08%
FY 2011	17,752,261.33	17,683,924.38	99.61%	98.82%
FY 2010	16,797,273.46	16,750,784.92	99.72%	98.90%
FY 2009	16,338,538.72	16,330,722.80	99.95%	99.35%

(1) True Rate includes proceeds from accelerated tax sale.

(2) Underlying Rate is calculated by excluding the proceeds from the accelerated sale.

Delinquent Taxes and Tax Title Liens

<u>Period</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
RP 2012	\$223,855.68	\$207,461.10	\$432,414.98	NA
FY 2012	198,336.78	2,035.29	200,372.07	1.03%
FY 2011	6,977.78	2,134.48	9,112.26	0.05%
FY 2010	4,807.95	2,903.98	7,711.93	0.05%
FY 2009	1,734.65	3,289.64	5,024.29	0.03%

(RP) Reversion Period for the six months ended December 31, 2012

(FY) Fiscal Year ended June 30

(CY) Calendar Year ended December 31

Note 3: **PROPERTY TAXES (CONT'D)****Delinquent Taxes and Tax Title Liens (cont'd)**

The following comparison is made of the number of tax title liens receivable for the six month reversion period (RP) ended December 31, 2012, where indicated, and the previous four fiscal years (FY) ended on June 30 as follows:

<u>Period</u>	<u>Number</u>
RP 2012	11
FY 2012	11
FY 2011	5
FY 2010	6
FY 2009	6

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

The value of property acquired by liquidation of tax title liens for the six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal years (FY) ended on June 30 as follows:

<u>Period</u>	<u>Amount</u>
RP 2012	\$300,000.00
FY 2012	300,000.00
FY 2011	300,000.00
FY 2010	300,000.00
FY 2009	300,000.00

Note 5: **SEWER UTILITY SERVICE CHARGES**

The following is a five-year comparison of sewer utility service charges (rents) for the six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal years (FY) ended on June 30 as follows:

<u>Period</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
RP 2012	\$123.06	---	\$510,808.07	\$510,931.13	\$500,025.44
FY 2012	970.72	---	1,021,110.78	1,022,081.50	1,021,663.44
FY 2011	1,453.98	---	1,012,141.01	1,013,594.99	1,012,624.27
FY 2010	592.10	---	1,004,453.57	1,005,045.67	1,003,296.69
FY 2009	559.08	---	992,712.15,	993,271.23	992,679.13

(RP) Reversion Period for the six months ended December 31, 2012

(FY) Fiscal Year ended June 30

Note 6: **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the six month reversion period (RP) ended December 31, 2012, where indicated, and the previous fiscal years (FY) ended on June 30 as follows:

<u>Period</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Period</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
RP 2012	\$1,810,499.06	\$950,000.00	52.47%
FY 2012	533,357.52	---	N/A
FY 2011	517,315.76	371,700.00	71.85%
FY 2010	410,181.98	371,700.00	90.62%
FY 2009	717,911.76	682,000.00	95.00%
<u>Sewer Utility Operating Fund</u>			
RP 2012	\$194,497.23	\$25,190.00	12.95%
FY 2012	121,069.30	---	N/A
FY 2011	9,417.37	9,409.00	99.91%
FY 2010	53,099.80	53,000.00 (A)	99.81%
FY 2009	87,431.21	87,377.00 (A)	99.93%

(A) Includes amounts realized in the Current Fund Budget

(RP) Reversion Period for the six months ended December 31, 2012

(FY) Fiscal Year ended June 30

Note 7: **INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Inter-funds Receivable</u>	<u>Inter-funds Payable</u>
Current Fund	\$295,980.55	---
Federal and State Grant Fund	---	\$287,123.39
Trust – Animal Control	---	7,505.63
Trust-- Other Funds	2,652.17	1,328.22
General Capital Fund	---	2,679.68
Sewer Utility Operating Fund	9,052.26	---
Sewer Utility Capital Fund	---	9,048.06
	<u>\$307,684.98</u>	<u>\$307,684.98</u>

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

Note 8: **PENSION PLANS**

The Township of Berlin contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program (DCRS), 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. 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>Funded by State</u>	<u>Funded by Township</u>
RY2012	---	---	---	---	---
FY2012	\$70,586.00	\$118,518.00	\$189,104.00	\$ -	\$ 189,104.00
FY2011	77,937.00	103,751.00	181,688.00	-	181,688.00
FY2010	74,646.00	72,834.00	147,480.00	-	147,480.00

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 10%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 9: **PENSION PLANS (CONT'D)**

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>Funded by State</u>	<u>Funded by Township</u>
RY2012	---	---	---	---	---
FY2012	\$169,767.00	\$177,260.00	\$347,027.00	\$ -	\$ 347,027.00
FY2011	244,922.00	182,115.00	427,037.00	-	427,037.00
FY2010	215,745.00	141,394.00	357,139.00	-	357,139.00

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.

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's contributions were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Funded by Township</u>
RY2012	\$ 194.16	\$ 194.16
FY2012	352.14	352.14
FY2011	-	-

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

Note 10: **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 1991, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 91-139A. The Township will pay the premium or periodic charges for the employees who retired after 25 years or more of service credited in a state or locally administered retirement system. The Township will

Note 10: **POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)**

Plan Description (cont'd) –also reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program.

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 contributions to SHBP for the reversion period ended December 31, 2012 was \$143,024.98 and for the fiscal years ended June 30 2012 and 2011, were \$282,005.00 and \$238,578.76, respectively, which equaled the required contributions for each year. There were approximately 17 retired participants eligible for the reversion period ended December 31, 2012 and 17 and 15 retired participants eligible for the fiscal years ended June 30, 2012 and 2011, respectively.

Plan Description

In addition to the benefits described above, the Township provides post-employment dental and prescription benefits, at its cost, to certain police officers. This entitlement requires that police officers retire from service with the Township, be covered by any collective bargaining agreement between the Township and the Fraternal Order of Police and have served at least twenty-five years as a police officer in any capacity and in any jurisdiction in which that service is eligible for credit in the Police and Firemen's Pension System. The dental and prescription benefits will be in a form consistent with that provided to all active members of the Township Police Department whose service is covered by any collective bargaining agreement between the Township and the Fraternal Order of Police.

Funding Policy

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the reversion period ended December 31, 2012, there were fourteen retired employees or their spouses who received this benefit resulting in the payment of \$46,248.00 in related dental and prescription premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Note 10: **POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)*****Annual OPEB Cost and Net OPEB Obligation (cont'd)***

Normal Cost	\$46,248.00
Unfunded Actuarial Liability	<u>(13,304.00)</u>
Annual Required Contribution (expense)	32,944.00
Contributions made	(46,248.00)
Interest on Net OPEB Obligation	<u>14,621.00</u>
	1,317.00
Net OPEB Obligation – Beginning of Year	<u>487,357.00</u>
Net OPEB Obligation – End of Year	<u>\$488,674.00</u>

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Township Plan was 0% funded. The actuarial accrued liability for benefits was \$4,188,636, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,188,636. Currently the covered payroll is \$875,965. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below as required supplementary information, compares the assets used for funding purposes to the comparable liabilities to determine how well the Township Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the Township Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Actuarial Methods and Assumptions

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

In the December 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7% initially, however not exceeding \$20,000.00 annually. The Township Plan's unfunded actuarial accrued liability is being amortized over thirty years. The remaining amortization period at December 31, 2012 was twenty-six and one-half years.

Note 10: **POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)—Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
06/30/10	\$-0-	\$5,696,685	\$5,696,685	0%	\$1,733,442	329.0%
06/30/11	\$-0-	\$4,835,129	\$4,835,129	0%	\$1,707,171	283.0%
6/30/12	\$-0-	\$4,873,574	\$4,873,574	0%	\$1,639,632	297.0%
12/31/12	\$-0-	\$4,188,636	\$4,188,636	0%	\$875,965	478.0%

Schedule of Employer Contributions

<u>Period Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
June30, 2010	\$275,499	31.07%
June 30, 2011	\$231,081	42.68%
June 30, 2012	\$272,997	39.75%
Dec. 31. 2012	\$32,944	104.38%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	Dec. 31, 2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent open
Remaining Amortization	Period 26.5 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	3.0%
Rate of Salary Increases	NA
Rate of Medical Inflation	7.0%
	Capped at \$20,000.00

For determining the GASB ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

Note 11: **COMPENSATED ABSENCES**

Township employees are entitled to varying amounts of sick leave depending upon their department. All employees may accumulate unused sick leave with no limit. General personnel may carry unused vacation days forward to a maximum of five days. However, after one year the unused vacation leave will be forfeited. Police personnel have the option of carrying forward their unused vacation or selling days at one hundred percent (100%) of their prevailing salary rate.

Only police personnel may be compensated for accumulated sick leave upon retirement or resignation at one hundred percent (100%) of their prevailing rate for a maximum of six hundred eighty (680) hours. Any police personnel hired after January 1, 1983 must be employed continuously for a period of fifteen years before unused sick leave may be sold back to the Township. 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 \$167,363.79. A reserve in the Trust Fund has been created to fund a portion of these accrued benefits. Additional amounts required will be provided in the year's budget in which any required payments are to be made.

Note 12: **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 13: **LEASE OBLIGATIONS**

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

- Capital:
 - Two (2) Ford Crown Victoria's
- Operating:
 - Seven (7) Copy Machines

The following is an analysis of capital and operating leases.

Capital Leases - The following capital fixed assets were acquired by capital lease.

	<u>Balance</u>	
	<u>Dec. 31, 2012</u>	<u>June 30, 2012</u>
Vehicles	\$19,279.86	\$37,382.98

Note 13: **LEASE OBLIGATIONS (CONT'D)**

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

<u>Year</u>	<u>Amount</u>
CY 2013	\$20,533.02

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

<u>Fiscal Year</u>	<u>Amount</u>
CY 2013	\$4,160.36
CY 2014	2,420.16
CY 2015	220.92

Rental payments under operating leases for the reversion period ended December 31, 2012 were \$3,583.08.

Note 14: **CAPITAL DEBT****Summary of Debt**

	<u>Reversion Period December 31, 2012</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$14,278,122.71	\$14,458,683.77	\$15,430,626.45
Sewer Utility:			
Bonds and Notes	6,450,000.00	6,570,500.00	6,710,500.00
Total Issued	20,728,122.71	21,029,183.77	22,141,126.45
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	615,000.00	615,000.00	---
Sewer Utility:			
Bonds and Notes	---	---	---
Total Authorized but Not Issued	615,000.00	615,000.00	---
Total Issued and Authorized but Not Issued	21,343,122.71	21,644,183.77	22,141,126.45
Deductions:			
Open Space Debt	165,122.71	171,183.77	183,126.45
Self-liquidating Debt	6,450,000.00	6,570,500.00	6,636,575.80
Total Deductions	6,615,122.71	6,741,683.77	6,819,702.25
Net Debt	\$14,728,000.00	\$14,902,500.00	\$15,321,424.20

Note 14: **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 2.586%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$5,002,000.00	\$5,002,000.00	
Sewer Utility	6,450,000.00	6,450,000.00	
General	14,893,122.71	165,122.71	\$14,728,000.00
	<u>\$26,345,122.71</u>	<u>\$11,617,122.71</u>	<u>\$14,728,000.00</u>

Net Debt \$14,728,000.00 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$569,470,385.00 equals 2.586%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$19,931,463.47
Net Debt	<u>14,728,000.00</u>
Remaining Borrowing Power	<u>\$5,203,463.47</u>

**Calculation of "Self Liquidating Purpose,"
Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for Year	\$518,726.81
Deductions:	
Operating and Maintenance Cost	\$237,300.00
Debt Service per Sewer Fund	<u>228,817.08</u>
Total Deductions	<u>466,117.08</u>
Excess in Revenue	<u>\$52,609.73</u>

A above information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Note 14: **CAPITAL DEBT (CONT'D)**

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
CY 2013	\$770,000.00	\$600,158.50	\$405,000.00	\$229,431.51	\$2,004,590.01
CY 2014	955,000.00	577,276.75	360,000.00	205,942.52	2,098,219.27
CY 2015	960,000.00	543,406.00	365,000.00	198,194.02	2,066,600.02
CY 2016	980,000.00	508,360.00	375,000.00	188,446.26	2,051,806.26
CY 2017	835,000.00	473,892.50	385,000.00	176,751.26	1,870,643.76
CY 2018-22	2,145,000.00	2,024,712.50	2,060,000.00	661,075.05	6,890,787.55
CY 2023-27	2,500,000.00	1,530,750.00	2,135,000.00	238,556.30	6,404,306.30
CY 2028-32	2,900,000.00	889,187.50	365,000.00	5,703.13	4,159,890.63
CY 2033-35	2,068,000.00	153,500.00			2,221,500.00

Schedule of Annual Debt Service for Principal and Interest for the Green Acres Loan

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
CY 2013	\$12,304.56	\$3,241.24	\$15,545.80
CY 2014	12,551.88	2,993.92	15,545.80
CY 2015	12,804.18	2,741.62	15,545.80
CY 2016	13,061.54	2,484.26	15,545.80
CY 2017	13,324.07	2,221.73	15,545.80
CY 2018-22	70,746.88	6,982.10	77,728.98
CY 2023-24	30,329.60	458.72	30,788.32

Note 15: **PRIOR YEAR DEFEASANCE OF DEBT**

During the fiscal year ended June 30, 2012, the Township defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Township's financial statements. On December 31, 2012, \$335,000 of General Capital Fund bonds outstanding are considered defeased and \$4,400,000.00 of Sewer Utility Capital bonds outstanding are considered defeased.

Note 16: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>CY 2013</u> <u>Budget</u> <u>Appropriation</u>
Deficit in Reserve	\$7,060.03	\$7,060.03

The appropriation in the calendar year 2013 Budget is not less than that required by the statutes.

Note 17: **JOINT INSURANCE POOL**

The Township of Berlin is a member of the Camden 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 Dishonesty

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
Boiler and Machinery
General, Automobile & Environmental Legal Liability
Worker's Compensation
Public Official and Employment Liability
Public Employee Dishonesty – Crime Policy
Excess Liability

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:

Camden County Municipal Joint Insurance Fund
MEL/JIF Underwriting Unit
9 Campus Drive
Suite 16
Parsippany, New Jersey 07054

Note 18: **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 reversion period and previous two fiscal years:

<u>Period</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
RP2012	\$5,000.00	\$17,583.95	\$48,992.43
FY2012	11,000.00	3,587.43	57,251.66
FY2011	10,000.00	30,575.97	46,715.46

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2012.

Note 19: **LITIGATION**

The Township is a defendant in several legal proceedings that 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.

Note 20: **CHANGE IN REPORTING PERIOD**

On May 14, 2012 the Mayor and Township Council adopted Ordinance Number 2012-4, which enabled the Township to revert to a calendar year reporting period. The Township made application to the Local Finance Board of the State of New Jersey, Department of Community Affairs. On June 13, 2012 the Local Finance Board adopted a resolution approving the Township's application. Therefore, effective January 1, 2013 the township begins operating and reporting on a calendar year basis. For the period July 1, 2012 through December 31, 2012, the Township operated and reported under six month transition period.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF BERLIN
CURRENT FUND

Statement of Current Cash per N.J.S. 40A:5-5--Chief Financial Officer
For the Six Month Reversion Period Ended December 31, 2012

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance June 30, 2012	\$ 1,266,781.28	\$ -
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 408,512.05	
Tax Collector	9,570,533.64	
Due from State of New Jersey	79,477.14	
Revenue Accounts Receivable	1,599,905.50	
Reserve for Developers Grant Agreement	150,000.00	
State Training Fees--Due State of New Jersey	18,318.00	
Marriage License Fees-- Due State of New Jersey	300.00	
Due Trust Other Funds	35,930.71	
Due Municipal Open Space Trust Fund	27.59	
Due General Capital Fund	48,253.71	
Due Sewer Utility Operating Fund	400.00	
Petty Cash	13,273.98	
Due from Township of Berlin Fire District No. 1	109,305.83	
Contra	95,883.92	
Reversion Period 2012 Appropriation Refunds	19,201.38	
Fiscal Year 2012 Appropriation Reserve Refunds		
Federal and State Grants Receivable	\$ 114,455.69	\$ 114,455.69
Due Current Fund	<u>254,035.41</u>	<u>254,035.41</u>
	<u>12,149,323.45</u>	<u>368,491.10</u>
Carried Forward	13,416,104.73	368,491.10

TOWNSHIP OF BERLIN
CURRENT FUND

Statement of Current Cash per N.J.S. 40A:5-5--Chief Financial Officer
For the Six Month Reversion Period Ended December 31, 2012

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Brought Forward	\$ 13,416,104.73	\$ 368,491.10
Decreased by Disbursements:		
Reversion Period 2012 Appropriations	3,241,737.26	
Fiscal Year 2012 Appropriation Reserves	116,715.36	
State Training Fees--Due State of New Jersey	3,056.00	
Marriage License Fees--Due State of New Jersey	400.00	
Fire District Taxes Payable	227,500.00	
County Taxes Payable	2,295,137.76	
Local District School Taxes Payable	4,067,778.50	
Municipal Open Space Taxes Payable	70,585.46	
Due Animal Control Fund	3,005.63	
Due Trust Other Fund	275,700.00	
Due Municipal Open Space Trust Fund	1,070.84	
Due Sewer Utility Operating Fund	48,253.71	
Petty Cash	400.00	
Due from Township of Berlin Fire District No. 1	13,273.98	
Contra	109,305.83	
Due Federal and State Grant Fund	254,035.41	
Contracts Payable		\$ 354,937.18
Reserve for Encumbrances		2,121.67
Reserve for Federal and State Grant Funds--Appropriated		11,432.25
	<u>10,727,955.74</u>	<u>368,491.10</u>
Balance December 31, 2012	<u>\$ 2,688,148.99</u>	<u>-</u>

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Current Cash and Reconciliation per N.J.S. 40A:5-5--Collector
 For the Six Month Reversion Period Ended December 31, 2012

Receipts:		
Interest and Cost on Taxes	\$	13,572.95
Current Taxes Receivable		9,337,305.93
Miscellaneous Revenue Not Anticipated:		
Delinquent Taxes Receivable		3,302.35
Prepaid Taxes		<u>216,352.41</u>
		\$ 9,570,533.64
Decreased by:		
Turnovers to Treasurer		<u>\$ 9,570,533.64</u>

Exhibit SA-3

CURRENT FUND
 Schedule of Change Funds
 As of December 31, 2012

<u>Office</u>	<u>Amount</u>
Tax Collector	\$ 50.00
Clerk of Municipal Court	100.00
Township Clerk	50.00
Utility Collector	25.00
Library	<u>25.00</u>
	<u>\$ 250.00</u>

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Due to State of New Jersey
 Veterans' and Senior Citizens' Deductions
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012 (Due From)		\$ 36,382.03
Increased by:		
Deductions per Tax Billings	\$ 38,875.00	
Deductions Allowed by Tax Collector	<u>3,750.00</u>	
	42,625.00	
Less: Deductions Disallowed by Tax Collector	<u>1,465.29</u>	
		<u>41,159.71</u>
		77,541.74
Decreased by:		
Receipts		<u>79,477.14</u>
Balance December 31, 2012 (Due To)		<u><u>\$ 1,935.40</u></u>

CURRENT FUND
 Statement of Tax Title Liens
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 198,336.78
Increased by:		
Transfers from Taxes Receivable	\$ 26,131.65	
Transfer from Sewer Liens Receivable	147.50	
Recording Fees	99.00	
Reversion Period 2012 Tax Sale - Interest and Costs	<u>1,506.01</u>	
		<u>27,884.16</u>
Decreased by:		
Collections		<u>2,365.26</u>
Balance December 31, 2012		<u><u>\$ 223,855.68</u></u>

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Six Month Reversion Period Ended December 31, 2012

Fiscal Year	Balance June 30, 2012	Six Month Reversion Period 2012 Levy	Added Taxes	Collections		Due from State of New Jersey	Canceled	Transferred to Tax Title Liens	Balance December 31, 2012
				FY 2012	Reversion Period -- 2012				
Fiscal Year -- 2012	\$ 2,035.29			\$	937.09				\$ 1,098.20
Reversion Period -- 2012	2,035.29	\$ 9,567,442.96	\$ 67,372.22	\$ 19,145.67	937.09	\$ 41,159.71	\$ 4,611.12	\$ 26,131.65	1,098.20
	\$ 2,035.29	\$ 9,567,442.96	\$ 67,372.22	\$ 19,145.67	\$ 9,338,243.02	\$ 41,159.71	\$ 4,611.12	\$ 26,131.65	\$ 206,461.10
									\$ 207,559.30

Analysis of Six Month Reversion Period 2012 Property Tax Levy

Tax Yield

General Purpose Tax
 Added and Omitted Taxes

\$ 9,567,442.96	
67,372.22	
<u>\$ 9,634,815.18</u>	

Tax Levy

Local District School Tax
 County Taxes:
 County Taxes
 County Library Tax
 County Open Space Tax
 Due County for Added and Omitted Taxes

\$ 4,067,778.50	
\$ 2,105,262.83	
134,996.07	
54,878.86	
15,494.61	
<u>\$ 9,634,815.18</u>	

Total County Taxes

Fire District Taxes
 Local Tax for Municipal Open Space
 Local Tax for Municipal Purposes
 Add: Additional Tax Billed

2,310,632.37	
227,500.00	
70,585.46	
2,912,058.99	
46,259.86	
<u>2,958,318.85</u>	

Local Tax for Municipal Purposes Levied

\$ 9,634,815.18	
-----------------	--

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Revenue Accounts Receivable
 For the Six Month Reversion Period Ended December 31, 2012

	Balance June 30, 2012	Accrued	Collections	Balance December 31, 2012
Licenses - Municipal Clerk:				
Alcoholic Beverages	\$ 60.00	\$ 60.00	60.00	
Other		42,675.00	42,675.00	
Fees and Permits:				
Improvement Searches		60.00	60.00	
Registrar of Vital Statistics		1,646.00	1,646.00	
Municipal Clerk		3,000.00	3,000.00	
Continued Certificate of Occupancy		2,400.00	2,400.00	
Planning Board		550.00	550.00	
Zoning Board		6,150.00	6,150.00	
Tax Search Fees		300.00	300.00	
Construction Code Fees and Permits		177,549.00	177,549.00	
Municipal Court Fines and Costs	\$ 13,975.99	71,499.32	76,620.22	\$ 8,855.09
Energy Receipts Tax	53,374.00	1,234,473.00	1,287,847.00	
Interest on Investments		1,048.28	1,048.28	
	<u>\$ 67,349.99</u>	<u>\$ 1,541,410.60</u>	<u>\$ 1,599,905.50</u>	<u>\$ 8,855.09</u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Fiscal Year 2012 Appropriation Reserves
For the Six Month Reversion Period Ended December 31, 2012

	Balance June 30, 2012		Balance After Transfers	Disbursed	Balance Lapsed
	<u>Encumbered</u>	<u>Reserves</u>			
<u>Operations Within CAPs</u>					
<u>General Government</u>					
Mayor and Council					
Salaries and Wages		\$ 932.70	\$ 932.70		\$ 932.70
Other Expenses		3,216.34	3,216.34	\$ 1,300.00	1,916.34
Financial Administration					
Salaries and Wages		91.79	91.79		91.79
Other Expenses		904.43	904.43		904.43
Tax Assessment Administration					
Salaries and Wages		38.17	38.17		38.17
Other Expenses		2,195.79	2,195.79		2,195.79
Revenue Administration					
Salaries and Wages		82.92	82.92		82.92
Other Expenses		6,245.43	6,245.43	629.20	5,616.23
Township Clerk					
Salaries and Wages		460.51	460.51	255.00	205.51
Other Expenses	\$ 7,000.00	3,000.84	10,000.84	9,956.45	44.39
Legal Services and Costs					
Other Expenses	10,000.00	7,851.61	17,851.61	4,654.88	13,196.73
Municipal Prosecutor					
Salaries and Wages		24.56	24.56		24.56
Other Expenses		500.00	500.00		500.00
Engineering Services and Costs					
Salaries and Wages		20,791.83	20,791.83		20,791.83
Other Expenses	95.00	5,772.59	5,867.59	359.92	5,507.67
Public Buildings and Grounds					
Salaries and Wages		8,215.52	8,215.52		8,215.52
Other Expenses	1,002.58	4,433.50	5,436.08	1,025.09	4,410.99
Audit Services					
Other Expenses		147.50	147.50		147.50
Municipal Land Use Law (N.J.S.40:55D-1)					
Planning Board					
Other Expenses		4,999.96	4,999.96		4,999.96
Insurance					
Health Benefit Waiver -- Opt Out		821.48	821.48		821.48
Liability Insurance		5,668.05	5,668.05		5,668.05
Workers Compensation Insurance		4,716.82	4,716.82		4,716.82
Group Insurance		72,713.74	72,713.74		72,713.74
Unemployment Compensation Insurance		3,312.50	3,312.50		3,312.50
Municipal Court					
Salaries and Wages		348.23	348.23		348.23
Other Expenses		5,788.46	5,788.46	950.42	4,838.04
Public Defender					
Other Expenses		500.00	500.00		500.00
<u>Public Safety</u>					
Police					
Salaries and Wages		10,049.67	10,049.67		10,049.67
Other Expenses	48,554.61	7,361.04	55,915.65	45,994.23	9,921.42
Office of Emergency Management					
Salaries and Wages		1,485.02	1,485.02		1,485.02
Other Expenses		700.00	700.00		700.00
Ambulance Association					
Other Expenses		5,068.17	5,068.17		5,068.17
<u>Streets and Roads</u>					
Road Repairs and Maintenance					
Salaries and Wages		25,461.62	25,461.62	463.21	24,998.41
Other Expenses	1,339.85	11,662.34	13,002.19	1,339.85	11,662.34

(Continued)

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Fiscal Year 2012 Appropriation Reserves
 For the Six Month Reversion Period Ended December 31, 2012

	Balance June 30, 2012		Balance After		Balance
	<u>Encumbered</u>	<u>Reserves</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Lapsed</u>
<u>Streets and Roads (Cont'd)</u>					
Solid Waste Collection					
Salaries and Wages		\$ 9,100.21	\$ 9,100.21	\$ 3,593.16	\$ 5,507.05
Other Expenses	\$ 545.21	10,128.52	10,673.73	545.21	10,128.52
Vehicle Maintenance					
Salaries and Wages		7,458.34	7,458.34	930.42	6,527.92
Other Expenses	9,876.54	24,624.24	34,500.78	10,708.39	23,792.39
<u>Health and Welfare</u>					
Board of Health					
Other Expenses		500.00	500.00		500.00
<u>Recreation and Education</u>					
Maintenance of Parks					
Other Expenses	140.44	8,578.32	8,718.76	140.44	8,578.32
Recreation Service and Programs					
Other Expenses		1,288.52	1,288.52	1,270.00	18.52
Expense of Participation in Free County Library					
Salaries and Wages		4,638.80	4,638.80		4,638.80
Other Expenses		1,651.01	1,651.01	380.40	1,270.61
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	53.42	3,108.25	3,161.67	53.42	3,108.25
Uniform Construction Code - Appropriation Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Office					
Salaries and Wages		1,090.30	1,090.30		1,090.30
Other Expenses		1,745.83	1,745.83		1,745.83
Code Enforcement					
Other Expenses		825.08	825.08		825.08
<u>Unclassified</u>					
Utilities:					
Telephone	3,200.00	366.24	3,566.24	2,999.64	566.60
Street Lighting	10,003.84	28.70	10,032.54	7,435.11	2,597.43
Electricity and Natural Gas	12,300.00	12,282.98	24,582.98	7,450.57	17,132.41
Water		828.55	828.55		828.55
Petroleum Products	17,073.04	16,886.19	33,959.23	17,073.04	16,886.19
Sewerage		524.00	524.00		524.00
Telecommunications		1,086.52	1,086.52		1,086.52
Landfill/Solid Waste Disposal	13,059.12	19,493.10	32,552.22	13,243.12	19,309.10
Accumulated Sick leave Compensation		1,000.00	1,000.00		1,000.00
<u>Deferred Charges and Statutory Expenditures</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		1,251.60	1,251.60		1,251.60
Social Security System (O.A.S.I.)		5,458.95	5,458.95		5,458.95
Defined Contribution Retirement Plan		1,647.86	1,647.86		1,647.86
<u>Operations Excluded From CAPs</u>					
Storm Water Management					
Salaries and Wages		1,731.94	1,731.94	436.59	1,295.35
Other Expenses		12,966.00	12,966.00		12,966.00
	\$ 134,243.65	\$ 375,853.18	\$ 510,096.83	\$ 133,187.76	\$ 376,909.07
Disbursements				\$ 116,715.36	
Accounts Payable				35,673.78	
Refunds				(19,201.38)	
				\$ 133,187.76	

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Prepaid Taxes
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012 (Six Month Reversion Period 2012 Taxes)	\$ 19,145.67
Increased by:	
Collections	<u>216,352.41</u>
	235,498.08
Decreased by:	
Application to Reversion Period 2012 Taxes Receivable	<u>19,145.67</u>
Balance December 31, 2012 (Calendar Year 2013 Taxes)	<u><u>\$ 216,352.41</u></u>

Exhibit SA-10

CURRENT FUND
Statement of Due to State of New Jersey--State Training Fees
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$ 844.00
Increased by:	
Collections	<u>18,318.00</u>
	19,162.00
Decreased by:	
Payments	<u>3,056.00</u>
Balance December 31, 2012	<u><u>\$ 16,106.00</u></u>

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Due to State of New Jersey--DYFS Marriage License Fees
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$	200.00
Increased by:		
Collections		300.00
		500.00
Decreased by:		
Payments		400.00
		400.00
Balance December 31, 2012	\$	100.00

Exhibit SA-12

CURRENT FUND
 Statement of Due County for Added and Omitted Taxes
 For the Six Month Reversion Period Ended December 31, 2012

County Share of 2012 Levy		
Added / Omitted Taxes	\$	15,494.61
Balance December 31, 2012	\$	15,494.61

TOWNSHIP OF BERLIN
CURRENT FUND
 Statement of Fire District Taxes Payable
 For the Six Month Reversion Period Ended December 31, 2012

Levy--Reversion Period 2012	\$	227,500.00
Decreased by:		
Payments	\$	<u>227,500.00</u>

CURRENT FUND
 Statement of County Taxes Payable
 For the Six Month Reversion Period Ended December 31, 2012

Levy--Reversion Period 2012		
County Tax	\$	2,105,262.83
County Library Tax		134,996.07
County Open Space Tax		<u>54,878.86</u>
	\$	2,295,137.76
Decreased by:		
Payments	\$	<u>2,295,137.76</u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Local District School Taxes
For the Six Month Reversion Period Ended December 31, 2012

Levy--Reversion Period 2012	\$ 4,067,778.50
Decreased by:	
Payments	<u>\$ 4,067,778.50</u>

CURRENT FUND
Statement of Municipal Open Space Taxes Payable
For the Six Month Reversion Period Ended December 31, 2012

Levy--Reversion Period 2012	\$ 70,585.46
Decreased by:	
Payments	<u>\$ 70,585.46</u>

TOWNSHIP OF BERLIN
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Six Month Reversion Period Ended December 31, 2012

<u>Program</u>	<u>Balance June 30, 2012</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance December 31, 2012</u>
State:				
Body Armor Replacement Grant		\$ 1,988.62	\$ 1,988.62	
Click It or Ticket Grant	\$ 4,000.00		4,000.00	
Total State	4,000.00	1,988.62	5,988.62	
County:				
C.C. Recreation Enhancement Grant - Luke Avenue	50,000.00			\$ 50,000.00
C.C. Recreation Enhancement Grant - Spruce Avenue	25,000.00			25,000.00
Total County	75,000.00			75,000.00
Federal:				
Transportation Enhancement Grant TEA-21 Haddon Avenue	400,000.00		50,310.07	349,689.93
NJDOT - Mount Vernon Avenue	180,000.00			180,000.00
NJDOT - Sidewalks Along Route 73	128,775.50			128,775.50
NJDOT - Edgewood Avenue	200,000.00			200,000.00
Drive Sober or Get Pulled Over		4,400.00		4,400.00
Community Development Block Grant - Year 32	30,257.00		30,257.00	
Community Development Block Grant - Year 33	27,900.00		27,900.00	
Community Development Block Grant - Year 34		24,000.00		24,000.00
Total Federal	966,932.50	28,400.00	108,467.07	886,865.43
Total Grants	\$ 1,045,932.50	\$ 30,388.62	\$ 114,455.69	\$ 961,865.43

TOWNSHIP OF BERLIN
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants--Unappropriated
 For the Six Month Reversion Period Ended December 31, 2012

<u>Program</u>	<u>Balance June 30, 2012</u>	<u>Grants Receivable</u>	<u>Anticipated as Budgeted Revenue</u>	<u>Balance December 31, 2012</u>
State:				
Click It or Ticket Grant	_____	\$ 1,988.62	\$ 1,988.62	_____
Total State	-	1,988.62	1,988.62	-
Federal:				
Community Development Block Grant - Year 34		24,000.00	24,000.00	
Drive Sober or Get Pulled Over	_____	4,400.00	4,400.00	_____
Total Federal	-	28,400.00	28,400.00	-
Total Grants	-	\$ 30,388.62	\$ 30,388.62	-

TOWNSHIP OF BERLIN
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants--Appropriated
 For the Six Month Reversion Period Ended December 31, 2012

<u>Program</u>	<u>Balance June 30, 2012</u>	<u>Transferred from 2012 Reversion Budget Appropriations</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
State:				
Clean Communities Grant	\$ 9,951.24		\$ 4,975.62	\$ 4,975.62
Drunk Driving Enforcement Grant	2,527.47		2,527.47	-
Body Armor Replacement Grant		\$ 1,988.62		1,988.62
Click It or Ticket Grant				
Total State	<u>12,478.71</u>	<u>1,988.62</u>	<u>7,503.09</u>	<u>6,964.24</u>
Federal:				
Haddon Ave. TEA-21	-			
NJDOT - Sidewalks Along Route 73 North	65,001.00			65,001.00
NJDOT - Mt. Vernon Avenue	180,000.00			180,000.00
NJDOT - Edgewood Avenue	200,000.00			200,000.00
Over the Limit Under Arrest				
Drive Sober or Get Pulled Over		4,400.00	3,929.16	470.84
Community Development Block Grant - Year 34		24,000.00	24,000.00	
Total Federal	<u>445,001.00</u>	<u>28,400.00</u>	<u>27,929.16</u>	<u>445,471.84</u>
County:				
Recreation Enhancement Grant - Luke Avenue Park	50,000.00			50,000.00
Recreation Enhancement Grant - Spruce Avenue Court	25,000.00			25,000.00
Recreation Enhancement Grant - RTC Park				
Total County	<u>75,000.00</u>			<u>75,000.00</u>
Total Grants	<u>\$ 532,479.71</u>	<u>\$ 30,388.62</u>	<u>\$ 35,432.25</u>	<u>\$ 527,436.08</u>
Recap:				
Disbursed			\$ 11,432.25	
Contracts Payable - Reallocated from General Capital Fund			<u>24,000.00</u>	
			<u>\$ 35,432.25</u>	

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF BERLIN
TRUST FUND

Statement of Trust Cash Per N.J.S.40A:5-5—Chief Financial Officer
For the Six Month Reversion Period Ended December 31, 2012

	Animal Control	Other	Municipal Open Space
Balance June 30, 2012	\$ 1,116.14	\$ 664,394.69	\$ 25,623.59
Increased by Receipts:			
Reserve for Dog Fund Expenditures	341.40		
Due to State Department of Health	27.60		
Due Open Space Capital Fund	3,397.82		1.60
Deferred Charge Raised in Current Fund Budget	2,000.00		
Contra			
Due Current Fund - Interest		290.28	
Due Current Fund - Transfers		275,700.00	1,070.84
Reserve for:			
Reserve for Escrow Deposits		7,974.84	
Reserve for New Jersey Unemployment Compensation Insurance		7,092.86	
Reserve for Recycling Program		11,087.09	
Reserve for Accumulated Sick Leave		13,022.60	
Reserve for Redemption of Tax Sale Certificates		216,023.23	
Reserve for Parking Offenses Adjudication Act		16.00	
Reserve for Municipal Law Enforcement Grant Program Expenditures		9.26	
Reserve for Township Rehabilitation		7.14	
Reserve for Municipal Public Defender Fees		4,470.00	
Reserve for Snow Removal		3,750.00	
Reserve for NPP - Bench Program & Old West Berlin Association		0.12	
Reserve for John J. McPeak Library		1,596.46	
Reserve for Tax Collector Utility		4,863.70	
Reserve for Cafeteria Benefits Plan		2,060.99	
Net Payroll		1,040,457.22	
Payroll Deductions		784,420.83	
Municipal Open Space	5,766.82	2,372,842.62	71,657.90
Decreased by Disbursements:	6,882.96	3,037,237.31	97,281.49
Due State Department of Health	28.80		
Expenditures Under R.S. 4:19-15.11	3,429.80		
Accounts Payable	11.56		
Due Current Fund - Reserve for Premiums	2,000.00		
Contra			
Due Current Fund - Interest		6,140.53	
Due Bank		35,900.00	
Reserve for:		19.47	
Reserve for Escrow Deposits		48.34	
Reserve for New Jersey Unemployment Compensation Insurance		43.93	
Reserve for Recycling Program		3,180.38	
Reserve for Municipal Law Enforcement Grant Program Expenditures		17,593.95	
Reserve for Redemption of Tax Sale Certificates		20,382.00	
Reserve for Premiums at Tax Sale		345.30	
Reserve for Township Rehabilitation		208,160.23	
Reserve for Municipal Public Defender Fees		67,100.00	
Reserve for Tax Collector Utility		22.00	
Reserve for Cafeteria Benefits Plan		3,900.00	
Net Payroll		4,863.70	
Payroll Deductions		2,103.30	
Budget Appropriations		1,040,457.22	
		786,981.21	
	5,470.16	2,197,241.56	55,492.90
Balance December 31, 2012	\$ 1,412.80	\$ 839,995.75	\$ 41,788.59

TOWNSHIP OF BERLIN
TRUST--OTHER FUNDS
Statement of Due Current Fund
 For the Six Month Reversion Period Ended December 31, 2012

	<u>Total</u>	<u>Payroll</u>	<u>Recycling Program</u>	<u>Contractors Escrow</u>	<u>Tax Title Lien Redemption</u>	<u>Planning Board Escrow</u>
Balance June 30, 2012 (Due From)	\$ (239,769.29)	\$ -	\$ 19.03	\$ 0.44	\$ (239,800.00)	\$ 11.24
Increased by:						
Interest Earned on Deposits	290.28	158.10	57.62	1.34		73.22
Interfund Loans	<u>275,700.00</u>				<u>275,700.00</u>	
	<u>275,990.28</u>	<u>158.10</u>	<u>57.62</u>	<u>1.34</u>	<u>275,700.00</u>	<u>73.22</u>
	36,220.99	158.10	76.65	1.78	35,900.00	84.46
Decreased by:						
Disbursements:						
Interfund Loans Returned	19.47		19.03	0.44		
Revenue Accounts Receivable - Interest	48.34		47.23	1.11		
Reserve for Tax Sale Premiums	<u>35,900.00</u>				<u>35,900.00</u>	
	<u>35,967.81</u>		<u>66.26</u>	<u>1.55</u>	<u>35,900.00</u>	
Balance December 31, 2012 (Due to)	<u>\$ 253.18</u>	<u>158.10</u>	<u>\$ 10.39</u>	<u>\$ 0.23</u>		<u>\$ 84.46</u>

TRUST--ANIMAL CONTROL FUND
Statement of Due to Current Fund
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$ 4,500.00
Increased by:	
Disbursed by Current Fund -- Reserve for Animal Control Expenditures	<u>3,005.63</u>
Balance December 31, 2012	<u>\$ 7,505.63</u>

TOWNSHIP OF BERLIN
TRUST--ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Fund Expenditures
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012 (Deficit)		\$ (3,397.82)
Increased by:		
Collections:		
Dog License Fees	\$ 309.40	
Cat License Fees	32.00	
Deferred Charged Raised in the Current Fund	<u>3,397.82</u>	
		<u>3,739.22</u>
		341.40
Decreased by:		
Expenditures Under R.S.4:19-15.11--Cash	3,429.80	
Due to Current Fund	3,005.63	
Accounts Payable	<u>966.00</u>	
		<u>7,401.43</u>
Balance December 31, 2012 (Deficit)		<u><u>\$ (7,060.03)</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
FY 2012	\$ 11,228.20
FY 2011	<u>14,145.80</u>
	<u><u>\$ 25,374.00</u></u>

TRUST--ANIMAL CONTROL FUND
 Statement of Due to State Department of Health
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 2.40
Increased by:		
Dog Registration Fees Collected		<u>27.60</u>
		30.00
Decreased by:		
Payments		<u>28.80</u>
Balance December 31, 2012		<u><u>\$ 1.20</u></u>

TOWNSHIP OF BERLIN
TRUST—OTHER FUNDS
 Statement of Trust Other Reserves
 For the Six Month Reversion Period Ended December 31, 2012

Reserve	Balance June 30, 2012	Increased					Decreased			Balance December 31, 2012	
		Miscellaneous	Interest	Due Current Fund	Receipts Current Fund Budget	Employee Withholdings	Due From Developers	Payroll Deductions	Disbursements		Due Bank
Reserve for Escrow Deposits	\$ 380,550.21		\$ 74.84					\$ 3,180.38		\$ 7,583.14	\$ 377,781.53
Reserve for New Jersey Unemployment Compensation Insurance	57,293.78		74.57					17,593.95	43.43		46,992.43
Reserve for Recycling Program	42,206.79	\$ 10,913.77	115.70	\$ 57.62	\$ 5,000.00	\$ 2,019.60	\$ 7,900.00	20,382.00			32,911.88
Reserve for Accumulated Sick Leave	63,807.91	13,000.00	22.60								76,830.51
Reserve for Redemption of Tax Sale Certificates	2,094.75	216,023.23						208,160.23			9,957.75
Reserve for Premium on Tax Sale	239,800.00							67,100.00			172,700.00
Reserve for Parking Offenses Adjudication Act	1,060.00	16.00									1,076.00
Reserve for Municipal Law Enforcement Grant Program Expenditures	15,367.09		9.26					345.30			15,031.05
Reserve for Township Rehabilitation	20,324.64		7.14					22.00			20,309.78
Reserve for Municipal Public Defender Fees	3,583.18	4,470.00						3,900.00		750.00	3,403.18
Reserve for Municipal Alcohol and Drug Alliance Program	0.37										0.37
Reserve for Snow Removal	32,084.49	3,750.00									35,834.49
Reserve for NPP - Bench Program & Old West Berlin Association	658.30		0.12								658.42
Reserve for John J. McPeak Library	3,161.31	1,595.00	1.46								4,757.77
Reserve for Berlin Township Police Department	1,661.47										1,661.47
Reserve for Flexible Benefits Plan	390.58	2,060.99						2,103.30			348.27
Reserve for Tax Collector Utility	-	4,863.70						4,863.70			-
	\$ 864,044.87	\$ 251,828.99	\$ 5,169.39	\$ 57.62	\$ 5,000.00	\$ 2,019.60	\$ 7,900.00	\$ 327,650.86	\$ 43.43	\$ 8,313.14	\$ 800,254.90

TOWNSHIP OF BERLIN
TRUST--MUNICIPAL OPEN SPACE FUND
 Statement of Reserve for Future Use
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 28,275.50
Increase by:		
Receipts:		
Current Year Tax Levy	\$ 70,585.46	
Interest Earned on Deposits--Due from General Capital	<u>1.86</u>	
		<u>70,587.32</u>
		98,862.82
Decreased by:		
Disbursed		
Budget Appropriations:		
Operations	47,720.00	
Payments on Bonds	6,061.06	
Interest on Bonds	<u>1,711.84</u>	
		<u>55,492.90</u>
Balance December 31, 2012		<u><u>\$ 43,369.92</u></u>

Exhibit SB-8

TRUST--OTHER FUND
Statement of Payroll Deductions Payable
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 25,016.00
Increased by:		
Payroll Deductions		<u>784,420.83</u>
		809,436.83
Decreased by:		
Payments	\$ 786,981.21	
Due Unemployment	<u>241.86</u>	
		<u>787,223.07</u>
Balance December 31, 2012		<u><u>\$ 22,213.76</u></u>

Analysis of Balance December 31, 2012

Workforce Development/Health Care Subsidy		\$ 348.10
Public Employees' Retirement System		8,318.07
Police and Firemen's Retirement System		11,230.17
Family Leave Insurance		58.84
AFLAC		267.34
DCRP		91.80
Other		<u>1,899.44</u>
		<u><u>\$ 22,213.76</u></u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of General Capital Cash per N.J.S. 40A:5-5--Chief Financial Officer
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 1,334,667.18
Increased by Receipts:		
Due Current Fund	\$ 167.95	
Due Open Space Trust Fund	1.86	
Budget Appropriation:		
Capital Improvement Fund	20,000.00	
		20,169.81
		1,354,836.99
Decreased by Disbursements:		
Due Current Fund	168.03	
Due Open Space Trust Fund	1.60	
Improvement Authorizations	8,893.48	
Contracts Payable	272,458.40	
		281,521.51
Balance December 31, 2012		\$ 1,073,315.48

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Analysis of General Capital Cash

For the Six Month Reversion Period Ended December 31, 2012

	Ordinance Number	Balance (Overdraft) June 30, 2012	Receipts			Disbursements			Balance (Overdraft) December 31, 2012
			Budget Appropriations	Miscellaneous	Improvement Authorizations	From	To	Transfers	
Fund Balance		\$ 40.00						\$ 40.00	
Capital Improvement Fund		15,000.00	\$ 20,000.00					35,000.00	
Improvement Authorizations:									
Date of									
Ordinance									
11-22-04	04-10	72,388.06		\$ 324.80		796.10		71,267.16	
Acquisition, Construction, Repair and Installation of Various Capital									
2-28-05	05-01	1,176.04						1,176.04	
Acquisition, Construction, and Renovation of an Addition to the Township Municipal Building including Acquisition of Real Property and Site Improvements and Related Work									
2-13-06	06-01	61,434.91		6,168.60				55,266.31	
Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment									
5-22-06	06-09	181,623.79				13,083.20		168,540.59	
Various Road and Streetscape Improvements									
4-23-07	07-08	228,324.91						228,324.91	
Various Capital Improvements and the Acquisition of Various Pieces of Equipment									
4-23-07	07-09	267,289.03						267,289.03	
Various Capital Improvements and the Acquisition of Various Pieces of Equipment									
4-28-08	08-07	440,947.45						438,822.45	
Completion of Various Capital Improvements and the Acquisition of Various Pieces of Equipment									
03-29-09	09-02	351,319.18		2,125.00				330,076.94	
Acquisition of Certain Real Property and Existing Facilities Together with the Completion of Various Renovations and Improvements									
12-12-11	11-26	(342,822.36)		275.08		10,979.50	\$ 24,000.00	(330,076.94)	
Completion of Various Capital Improvements and the Acquisition of Various Equipment									
Due Current Fund		27.59						27.51	
Contracts Payable		351,319.18	\$ 167.95					78,923.48	
Accounts Payable		55,266.67						796.10	
Reserve for Developers Contribution		2,651.91	1.86					55,266.67	
Due Open Space Trust Fund		\$ 1,334,667.18	\$ 20,000.00	\$ 169.81	\$ 8,893.48	\$ 24,858.80	\$ 24,858.80	\$ 1,073,315.48	

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Due To Current Fund
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$	27.59
Increased by:		
Receipts:		
Revenue Accounts Receivable -- Interest		167.95
		195.54
Decreased by:		
Disbursements:		
Interest Earned on Deposits		168.03
Balance December 31, 2012	\$	27.51

Exhibit SC-4

GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation--Funded
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$	14,458,683.77
Decreased by:		
Budget Appropriation:		
Payment of Bond Principal	\$	174,500.00
Payment of Loan Principal		6,061.06
		180,561.06
Balance December 31, 2012	\$	14,278,122.71

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND

Statement of Deferred Charges to Future Taxation—Unfunded
 For the Six Month Reversion Period Ended December 31, 2012

Improvement Description	Ordinance Number	Ordinance Date	Balance June 30, 2012	Authorizations	Bonds Issued	Balance December 31, 2012	Analysis of Balance December 31, 2012	
							Expenditures	Unexpended Improvement Authorizations
Completion of Various Capital Improvements and the Acq. of Various Equipment	11-26	12-12-11	\$ 615,000.00	-	-	\$ 615,000.00	\$ 330,076.94	\$ 284,923.06

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Due to Open Space Trust Fund
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 2,651.91
Increased by:		
Interest Earned on Deposits		1.86
		2,653.77
Decreased by:		
Interfund Loans Returned		1.60
Balance December 31, 2012		\$ 2,652.17

Exhibit SC-7

GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 15,000.00
Increased by Receipts:		
Budget Appropriation		20,000.00
Balance December 31, 2012		\$ 35,000.00

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND

Statement of Improvement Authorizations

For the Six Month Reversion Period Ended December 31, 2012

Improvement Description	Ordinance Number	Date	Amount	Balance June 30, 2012		Capital Improvement Fund	Authorizations		Cancellation & Reallocation of Balances	Paid or Charged	Balance December 31, 2012	
				Funded	Unfunded		Deferred Charges to Future Taxation-- Unfunded	Funded			Unfunded	
General Improvements: Acquisition, Construction, Repair and Installation of Various Capital Improvements	04-10	11-22-04	\$ 610,000.00	\$ 72,388.06					\$ 1,120.90	\$ 71,267.16		
Acquisition, Construction and Renovation of an Addition to the Township Municipal Building including Acquisition of Real Property and Site Improvements and Related Work	05-01	2-28-05	250,000.00	1,176.04						1,176.04		
Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment	06-01	2-13-06	595,000.00	61,434.91					6,168.60	55,266.31		
Various Road and Streetscape Improvements	06-09	5-22-06	278,000.00	181,623.79					13,083.20	168,540.59		
Various Capital Improvements and the Acquisition of Various Pieces of Equipment	07-08 09-10	4-23-07	704,000.00	228,324.91						228,324.91		
Acquisition and Installation of Various Pieces of Movie Equipment in the Township Park	07-09c	4-23-07	72,510.88									
Completion of Various Capital Improvements and the Acquisition of Various Pieces of Equipment	08-07	4-28-08	620,000.00	267,289.03						267,289.03		
Acquisition of Certain Real Property and Existing Facilities Together with the Completion of Various Renovations and Improvements	09-02	3-25-09	7,950,000.00	440,947.45					2,125.00	438,822.45		
Completion of Various Capital Improvements and the Acq. of Various Equipment	11-26	12-12-11	650,000.00						11,254.58			\$ 284,923.06
				\$ 272,177.64				\$ 24,000.00				\$ 284,923.06
				\$ 1,263,184.19	\$ 272,177.64			\$ 24,000.00	\$ 33,752.28	\$ 1,230,686.49		\$ 284,923.06
Disbursed									\$ 8,893.48			
Accounts Payable									796.10			
Contracts Payable									24,062.70			
									\$ 33,752.28			

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Contracts Payable
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$ 351,319.18
Increased by:		
Charges to Improvement Authorizations:		
Reversion Period 2012 Contracts and Change Orders		24,062.70
		375,381.88
Decreased by:		
Disbursed	\$ 272,458.40	
Reclassified to Grant Fund	24,000.00	
		296,458.40
Balance December 31, 2012		\$ 78,923.48

Analysis of Balance December 31, 2012

<u>Name</u>	<u>Date</u>	<u>Ordinance Number</u>	<u>Amount</u>
Kei Associates	11/08/04	2004-10	\$ 28,596.00
AC Electric	06/25/12	2006-9	13,083.20
DSC Construction	06/25/12	2011-26	37,244.28
			\$ 78,923.48

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Six Month Reversion Period Ended December 31, 2012

Purpose	Original Issue	Maturities of Bonds Outstanding December 31, 2012	Interest Rate	Balance June 30, 2012	Issued	Decreased	Balance December 31, 2012
Restructured Bonds--Series 2003	\$ 765,000.00	1-1-13	4.000%	\$ 80,000.00			
		1-1-14	3.900%	80,000.00			
		1-1-15	4.050%	85,000.00			
		1-1-16	4.150%	85,000.00			
		1-1-17	4.250%	85,000.00	\$ 80,000.00		\$ 80,000.00
General Bonds--Series 2005	1,900,000.00	3-1-13	3.750%	116,462.35			
		3-1-14	3.750%	232,924.69			
		3-1-15/16	4.000%	332,924.69			
		3-1-17	4.000%	332,749.56			
		3-1-18	4.000%	362,697.02	1,510,682.99		1,510,682.99
General Bonds--Series 2005 (Open Space)	955,000.00	3-1-13	3.750%	58,537.65			
		3-1-14	3.750%	117,075.31			
		3-1-15/16	4.000%	117,075.31			
		3-1-17	4.000%	167,250.44			
		3-1-18	4.000%	182,302.98	759,317.01		759,317.01
Refunding Bonds--Series 2008	934,500.00	5-23-08	3.250%	174,500.00		\$ 174,500.00	174,500.00
General Bonds--Series 2010	10,318,000.00	1-1-13/16		200,000.00			
		1-1-17/19		250,000.00			
		1-1-20		300,000.00			
		1-1-21/22		400,000.00			
		1-1-23/28		500,000.00			
		1-1-29/32		600,000.00			
		1-1-33/34		700,000.00			
1-1-35	3.900%	668,000.00	10,118,000.00		10,118,000.00		
Refunding Bonds--Series 2010	1,955,000.00	3-1-13	2.000%	315,000.00			
		3-1-14	2.750%	325,000.00			
		3-1-15	3.000%	325,000.00			
		3-1-16	3.000%	345,000.00	1,310,000.00		1,310,000.00

(Continued)

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Six Month Reversion Period Ended December 31, 2012

Purpose	Original Issue	5-17-12	\$	335,000.00	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance June 30, 2012	Issued	Decreased	Balance December 31, 2012
					Date	Amount					
Refunding Bonds--Series 2012				\$ 335,000.00	1/1/13	\$ 80,000.00	2.000%				
					1/1/14	85,000.00	2.000%				
					1/1/15	85,000.00	2.000%				
				\$ 335,000.00	1/1/16	85,000.00	3.000%	\$ 335,000.00			\$ 335,000.00
				<u>\$ 14,287,500.00</u>				<u>\$ 14,287,500.00</u>	<u>-</u>	<u>\$ 174,500.00</u>	<u>\$ 14,113,000.00</u>
Paid by Budget Appropriations - Current Fund Budget										\$ 174,500.00	
										<u>\$ 174,500.00</u>	

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Statement of Green Acres Loan

For the Six Month Reversion Period Ended December 31, 2012

<u>Purpose</u>	<u>Original Issue</u>	<u>12-10-04</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Issued for Cash</u>	<u>Paid by Open Space Budget Appropriation</u>	<u>Balance December 31, 2012</u>
				<u>Outstanding Date</u>	<u>Amount</u>					
Green Acres Loan	\$ 250,000.00		\$ 6,121.67							
			9-10-13	6,182.89						
			3-10-14	6,244.72						
			9-10-14	6,307.16						
			3-10-15	6,370.24						
			9-10-15	6,433.94						
			3-10-16	6,498.28						
			9-10-16	6,563.26						
			3-10-17	6,628.89						
			9-10-17	6,695.18						
			3-10-18	6,762.13						
			9-10-18	6,829.76						
			3-10-19	6,898.05						
			9-10-19	6,967.03						
			3-10-20	7,036.70						
			9-10-20	7,107.07						
			3-10-21	7,178.14						
			9-10-21	7,249.92						
			3-10-22	7,322.42						
			9-10-22	7,395.65						
			3-10-23	7,469.60						
			9-10-23	7,544.30						
			3-10-24	7,619.74						
			9-10-24	7,695.94						
						2.00%	\$ 171,183.77		\$ 6,061.06	\$ 165,122.71
							\$ 171,183.77		\$ 6,061.06	\$ 165,122.71

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Statement of Bonds and Notes Authorized But Not Issued
 For the Six Month Reversion Period Ended December 31, 2012

<u>Improvement Description</u>	<u>Ordinance</u> <u>Number</u>	<u>Date</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Authorizations</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u> <u>Issued</u>	<u>Balance</u> <u>December 31, 2012</u>
General Improvements: Completion of Various Capital Improvements and the Acquisition of Various Equipment	11-26	12/12/11	\$ 615,000.00			\$ 615,000.00
			<u>\$ 615,000.00</u>			<u>\$ 615,000.00</u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
Statement of Sewer Utility Cash per N.J.S.40A:5-5--Chief Financial Officer
For the Six Month Reversion Period Ended December 31, 2012

	<u>Operating</u>	<u>Capital</u>
Balance June 30, 2012	\$ 327,163.00	\$ 9,047.42
Increased by Receipts:		
Utility Collector	\$ 534,459.26	
Due Sewer Utility Operating Fund		\$ 3.27
Due Sewer Utility Capital Fund	2.63	
Due Current Fund	48,253.71	
Contra	<u>130,711.54</u>	
	<u>713,427.14</u>	<u>3.27</u>
	1,040,590.14	9,050.69
Decreased by Disbursements:		
2012 Reversion Period Appropriations	303,384.08	
Due to Borough of Berlin--		
Water Reconnection Fees	3,475.00	
Accrued Interest on Bonds and Notes	43,775.38	
Appropriation Reserves	5,264.12	
Due Sewer Utility Operating Fund		2.63
Due Current Fund	48,253.71	
Contra	<u>130,711.54</u>	
	<u>534,863.83</u>	<u>2.63</u>
Balance December 31, 2012	<u>\$ 505,726.31</u>	<u>\$ 9,048.06</u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
 Analysis of Sewer Utility Capital Cash
 For the Six Month Reversion Period Ended December 31, 2012

	Balance <u>June 30, 2012</u>	Receipts <u>Miscellaneous</u>	<u>Disbursements</u>		Balance <u>December 31, 2012</u>
			<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	
Due Sewer Utility Operating Fund	\$ 9,047.42	\$ 3.27		\$ 2.63	\$ 9,048.06
	<u>\$ 9,047.42</u>	<u>\$ 3.27</u>	-	<u>\$ 2.63</u>	<u>\$ 9,048.06</u>

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
 Statement of Sewer Cash and Reconciliation per N.J.S.40A:5-5--Collector
 For the Six Month Reversion Period Ended December 31, 2012

Receipts:		
Consumer Accounts Receivable	\$	343,765.50
Prepaid Sewer Rents		168,520.66
Water Connection Fees--Due to Borough of Berlin		3,475.00
Connection Fees		16,020.00
Interest on Delinquent Rents		2,678.10
		534,459.26
Decreased by:		
Turnovers to Treasurer	\$	534,459.26
		534,459.26

Exhibit SD-4

SEWER UTILITY OPERATING FUND
 Statement of Consumer Accounts Receivable
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012		\$	123.06
Increased by:			
Net Billings 7/1/12-12/31/12			510,808.07
			510,931.13
Decreased by:			
Collections	\$	343,765.50	
Transfer to Sewer Liens Receivable		147.50	
Prepays Applied		156,259.94	
			500,172.94
Balance December 31, 2012		\$	10,758.19
			10,758.19

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
 Statement of Fixed Capital
 For the Six Month Reversion Period Ended December 31, 2012

<u>Description</u>	<u>Balance June 30, 2012</u>	<u>Additions by Refunding Ordinance</u>	<u>Balance December 31, 2012</u>
Sewerage Collection System	\$ 12,641,344.10	_____	\$ 12,641,344.10
	<u>\$ 12,641,344.10</u>	<u>-</u>	<u>\$ 12,641,344.10</u>

Exhibit SD-6

SEWER UTILITY OPERATING FUND
 Statement of Prepaid Sewer Rents
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012 (Reversion Period 2012 Rents)	\$ 156,966.89
Increased by:	
Collections	_____
	168,520.66
	325,487.55
Decreased by:	
Application to Sewer Consumer Accounts Receivable	_____
	156,259.94
Balance December 31, 2012 (2013 Rents)	<u>\$ 169,227.61</u>

Exhibit SD-7

SEWER UTILITY OPERATING FUND
 Statement of Sewer Liens Receivable
 For the Six Month Reversion Period Ended December 31, 2012

Increased by:	
Transferred from Consumer Accounts Receivable	\$ 147.50
Decreased by:	
Transferred to Municipal Tax Title Liens	_____
	<u>\$ 147.50</u>

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$ 32,096.11
Increased by:	
Charged to Utility Operating Budget	108,317.08
	140,413.19
Decreased by:	
Interest Paid	43,775.38
Balance December 31, 2012	\$ 96,637.81

Analysis of Balance December 31, 2012

<u>Principal Outstanding December 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Long Term Bonds:					
\$210,000.00	Variable	7-01-12	12-30-12	180 Days	\$ 4,170.75
1,690,000.00	Variable	9-15-12	12-30-12	107 Days	22,379.05
4,550,000.00	Variable	5-17-12	12-30-12	228 Days	70,088.01
					\$ 96,637.81

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
 Statement of Fiscal Year 2012 Appropriation Reserves
 For the Six Month Reversion Period Ended December 31, 2012

	Balance June 30, 2012			Balance Lapsed
	Encumbered	Reserves	Disbursed	Lapsed
Operating:				
Salaries and Wages		\$ 773.79	\$ 773.79	
Other Expenses	\$ 4,740.91	19,909.37	4,490.33	\$ 20,159.95
	4,740.91	20,683.16	5,264.12	20,159.95
Deferred Charges and Statutory Expenditures				
Statutory Expenditures:				
Contribution to:				
Social Security System		96.83		96.83
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)		561.42		561.42
		658.25		658.25
	\$ 4,740.91	\$ 21,341.41	\$ 5,264.12	\$ 20,818.20

SEWER UTILITY CAPITAL FUND
 Statement of Due to Sewer Utility Operating Fund
 For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$ 9,047.42
Increased by:	
Receipts:	
Interest Earned on Deposits	3.27
	9,050.69
Decreased by:	
Disbursed to Sewer Utility Operating - Miscellaneous	2.63
Balance December 31, 2012	\$ 9,048.06

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Six Month Reversion Period Ended December 31, 2012

Balance June 30, 2012	\$ 6,070,844.10
Increased by:	
Long Term Bonded Debt Paid by Operating Budget	<u>120,500.00</u>
Balance December 31, 2012	<u><u>\$ 6,191,344.10</u></u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
 Statement of Long Term Bonded Debt
 For the Six Month Reversion Period Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2012	Increased	Decreased	Balance December 31, 2012
			Outstanding Date	Amount					
Refunding Bonds	1-01-03	\$ 6,210,000.00	(A)	(A)	2.00 - 4.65%	\$ 210,000.00			\$ 210,000.00
Refunding Bonds	5-23-08	2,180,500.00	(B)	(B)	3.25 - 5.00%	1,810,500.00	\$ 120,500.00		1,690,000.00
Refunding Bonds	5-17-12	4,550,000.00	(C)	(C)	2.00 - 4.00%	4,550,000.00			4,550,000.00
Paid by Budget Appropriation						\$ 6,570,500.00	\$ 120,500.00		\$ 6,450,000.00
(A) Payment Date							\$ 120,500.00		
1-01-2013						\$ 210,000.00			

(B) Payment Date	Amount	Payment Date	Amount	Payment Date	Amount	Payment Date	Amount
9-15-2014	105,000.00	9-15-2018	120,000.00	9-15-2022	145,000.00		
9-15-2015	105,000.00	9-15-2019	130,000.00	9-15-2023	155,000.00		\$ 1,690,000.00
9-15-2016	110,000.00	9-15-2020	135,000.00	9-15-2024	160,000.00		
				Amount		\$ 210,000.00	

(C) Payment Date	Amount	Payment Date	Amount	Payment Date	Amount	Payment Date	Amount
1-01-2014	255,000.00	1-01-2019	270,000.00	1-01-2024	320,000.00		
1-01-2015	260,000.00	1-01-2020	275,000.00	1-01-2025	330,000.00		\$ 4,550,000.00
1-01-2016	265,000.00	1-01-2021	285,000.00	1-01-2026	340,000.00		
1-01-2017	270,000.00	1-01-2022	300,000.00	1-01-2027	350,000.00		

TOWNSHIP OF BERLIN

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE SIX MONTH REVERSION PERIOD ENDED DECEMBER 31, 2012

TOWNSHIP OF BERLIN
Schedule of Findings and Recommendations
For the Six Month Reversion Period 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.

None.

TOWNSHIP OF BERLIN
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 statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

Not Applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

Not Applicable.

TOWNSHIP OF BERLIN
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>	
Phyllis Magazzu	Mayor	\$1,000,000.00	(A)
Christopher Morris	Council President	1,000,000.00	(A)
Marion Bodanza	Councilmember	1,000,000.00	(A)
Frank Epifanio	Councilmember	1,000,000.00	(A)
Jerome McIntosh	Councilmember	1,000,000.00	(A)
Lori Campisano	Chief Financial Officer/Treasurer; Qualified Purchasing Agent	1,000,000.00	(A)
Cathy Underwood	Township Clerk, Improvement Search Clerk, Registrar of Vital Statistics	1,000,000.00	(A)
Kathleen Jamison	Deputy Registrar of Vital Statistics	1,000,000.00	(A)
Stuart Platt	Solicitor		
Nicholas Trabosh, Esq.	Judge of the Municipal Court	1,000,000.00	(A)
Maria Reed	Court Administrator and Violations Clerk	1,000,000.00	(A)
Vicki Taylor	Deputy Court Administrator and Violations Clerk	1,000,000.00	(A)
Kelly McCauley	Secretary to the Building Inspector, Planning Board and Zoning Board	1,000,000.00	(A)
Charles Riebel, Jr.	Engineer and Public Works Director	1,000,000.00	(A)
Joshua Shellenberger	Secretary to Board of Health and Property Maintenance Inspector / Animal Control Officer	1,000,000.00	(A)
Robert Martin	Engineering Technician and Zoning Officer	1,000,000.00	(A)
Diane Zoppel	Tax and Sewer Utility Collector and Tax Search Clerk	1,000,000.00	(A)
Dana O'Hara	Tax and Sewer Clerk	1,000,000.00	(A)
Michael DePalma	Building Subcode Official/Inspector and Construction Code Officer / Plumbing Inspector	1,000,000.00	(A)
Ralph Jones	Fire Subcode Official/Inspector	1,000,000.00	(A)
Sal Satania	Electrical Inspector	1,000,000.00	(A)
Anthony Colavecchio	Tax Assessor	1,000,000.00	(A)
Leonard Check	Police Chief	1,000,000.00	(A)

(A) Employees not individually bonded are covered through the Camden County Joint Insurance Fund for \$1,000,000.00 per each loss.

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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

A handwritten signature in black ink, appearing to read "Joe Hoffmann", with a long horizontal flourish extending to the right.

Joseph J. Hoffmann
Certified Public Accountant
Registered Municipal Accountant

