

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

REPORT OF AUDIT

DECEMBER 31, 2012

William E. Antonides and Company
Certified Public Accountants

2807 Hurley Pond Road
P.O. Box 1137
Wall, NJ 07719

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

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TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT OF THE TOWNSHIP'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Millstone
County of Monmouth
Millstone, New Jersey

Report on Financial Statements

We have audited the financial statements - regulatory basis of the various funds of the Township of Millstone (the "Township"), in the County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to 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 accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

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

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with statutory and regulatory 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, and the results of its operations for the years then ended.

Basis of Disclaimer of Opinion on Length of Service Awards Program Fund (LOSAP)

As discussed in Note 1, the financial statements of the Length of Service Awards Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP financial statements are included in the Township's Trust Fund, and represent 8.4% and 6.7% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2012 and 2011.

Disclaimer of Opinion of Length of Service Award Program Fund (LOSAP)

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements, we do not express an opinion on the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township at December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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's internal control over financial reporting and compliance.

William E. Antonides and Company

Independent Auditors



**William E. Antonides, Jr.
Registered Municipal Accountant
Certified Public Accountant**

Wall Township, New Jersey
June 3, 2013

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 15,649,832.57	\$ 16,439,732.61
Change Fund	A-4	1,300.00	1,300.00
		<u>15,651,132.57</u>	<u>16,441,032.61</u>
Due From State of N.J. (P.L. 1971, C. 20)	A-12	<u>399.32</u>	<u> </u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	564,422.62	600,882.32
Tax Title Liens Receivable	A-7	225,305.38	207,273.66
Foreclosed Property			147,700.00
Special Charges Receivable	A-8	9,759.23	27,986.55
Revenue Accounts Receivable	A-9	5,107.38	5,665.52
		<u>804,594.61</u>	<u>989,508.05</u>
Deferred Charges:			
Special Emergency Authorizations (N.J.S. 40A:4-55)	A-10	425,000.00	
		<u>16,881,126.50</u>	<u>17,430,540.66</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-19	784.45	
Cash	A-20	205,545.72	212,487.44
Grants Receivable	A-21	51,997.84	65,085.40
		<u>258,328.01</u>	<u>277,572.84</u>
		<u>\$ 17,139,454.51</u>	<u>\$ 17,708,113.50</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2012 AND 2011

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Current Fund:			
Appropriation Reserves	A-3,11	\$ 206,315.38	\$ 422,907.41
Reserve for Hurricane Sandy Storm Damage	A-3	425,000.00	
Reserve for Encumbrances	A-3,11	302,224.87	127,975.27
Accounts Payable		8,956.00	6,978.00
Due State of New Jersey:			
Construction Fees	A-12	4,283.00	2,460.00
P.L. 1971, Ch. 20	A-12		250.00
Marriage License Fees	A-12	300.00	
Tax Overpayments	A-14	24,320.11	19,332.38
Prepaid Taxes	A-15	208,153.46	255,589.60
Local District School Tax Payable	A-16	13,377,546.00	14,346,165.50
Due County for Added and Omitted Taxes	A-17	12,535.35	26,214.71
Interfunds:			
General Capital Fund	A-18		63,526.85
Grant Fund	A-19	784.45	
		<u>14,570,418.62</u>	<u>15,271,399.72</u>
Reserve for Receivables		804,594.61	989,508.05
Fund Balance	A-1	1,506,113.27	1,169,632.89
		<u>16,881,126.50</u>	<u>17,430,540.66</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-21	250,677.24	271,673.52
Reserve for Encumbrances	A-22	7,650.77	5,899.32
		<u>258,328.01</u>	<u>277,572.84</u>
		<u>\$ 17,139,454.51</u>	<u>\$ 17,708,113.50</u>

There were deferred school taxes on December 31, 2012 and 2011 of \$1,500,000.00 and \$1,000,000.00, respectively (Schedule A-16).

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 1 of 2

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,024,000.00	\$ 1,863,000.00
Miscellaneous Revenue Anticipated	A-2	1,773,790.60	1,983,464.48
Receipts from Delinquent Taxes	A-2	621,001.88	607,006.67
Receipts from Current Taxes	A-2	39,999,390.11	40,216,196.99
Non-Budget Revenues	A-2	73,246.99	224,099.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	380,574.23	74,941.44
Interfund Loans Returned			185.45
Cancel Due to State	A-12	1,750.00	4,192.00
Cancelled Grant Appropriated Reserves	A-22	16,107.23	133,381.25
Total Income		<u>43,889,861.04</u>	<u>45,106,468.18</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,492,900.00	1,570,250.00
Other Expenses		2,474,798.82	2,234,402.50
Deferred Charges and Statutory Expenditures		284,788.45	286,655.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		5,200.00	5,200.00
Other Expenses		135,203.95	172,983.55
Capital Improvements		6,250.00	30,000.00
Municipal Debt Service		1,128,021.28	1,012,739.68
	A-3	<u>5,527,162.50</u>	<u>5,312,230.73</u>
Prior Year Revenue Refund		520.55	500.00
Fire District Taxes	A-4	1,512,150.00	1,510,270.00
Municipal Open Space Tax	A-4	939,657.48	1,064,118.04
Local District School Taxes	A-16	29,255,092.00	30,692,331.00
County Taxes	A-17	5,687,072.22	5,633,229.72
Due County Added and Omitted Taxes	A-17	12,535.35	26,214.71
Cancelled Grants Receivable	A-21	20,190.56	133,381.25
Total Expenditures		<u>42,954,380.66</u>	<u>44,372,275.45</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

Sheet 2 of 2

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Excess in Revenue		\$ 935,480.38	\$ 734,192.73
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute		425,000.00	
Deferred Charges to Budget of Succeeding Year		<u>1,360,480.38</u>	<u>734,192.73</u>
Statutory Excess to Fund Balance		1,169,632.89	2,298,440.16
Fund Balance January 1	A	<u>2,530,113.27</u>	<u>3,032,632.89</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,024,000.00</u>	<u>1,863,000.00</u>
Fund Balance December 31	A	<u>\$ 1,506,113.27</u>	<u>\$ 1,169,632.89</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
		\$	\$	\$	\$
Fund Balance Anticipated	A-1	\$ 1,024,000.00		\$ 1,024,000.00	
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages	A-9	6,000.00		6,000.00	
Fees and Permits	A-9	27,000.00		21,493.90	(5,506.10)
Fines and Costs					
Municipal Court	A-9	100,000.00		99,927.24	(72.76)
Interest and Costs on Taxes	A-9	126,000.00		133,654.55	7,654.55
Interest on Investments and Deposits	A-9	197,000.00		200,868.78	3,868.78
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)	A-9	821,546.00		821,546.00	
Garden State Trust Fund	A-9	20,207.00		20,207.00	
Uniform Construction Code Fees	A-9	258,000.00		317,780.00	59,780.00
Borough of Roosevelt - Municipal Court Services		6,000.00		(6,000.00)	
Cable Franchise Fees	A-9	54,437.00		54,437.00	
Verizon Franchise Fees	A-9	26,479.87		26,479.87	
Cash on Hand to Pay Notes	A-9	8,393.55		8,393.55	
Clean Communities Program	A-21	30,386.12		30,386.12	
Historical Preservation					
Clarksburg Church	A-21	6,000.00		6,000.00	
Match Share (Open Space Trust)	A-21	6,000.00		6,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-21	13,465.00		13,465.00	
Recycling Tonnage Grant	A-21		7,151.59	7,151.59	
Total Miscellaneous Revenues	A-1	<u>1,706,914.54</u>		<u>1,773,790.60</u>	<u>59,724.47</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

		<u>Anticipated</u>		
	<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>
Receipts from Delinquent Taxes	<u>A-1,2</u>	\$ 608,675.27	\$	\$ 621,001.88
Subtotal General Revenue		3,339,589.81	7,151.59	3,418,792.48
Amount to be Raised by Taxes for Support of Municipal	A-2	2,590,456.72		2,920,348.09
Budget		<u>5,930,046.53</u>	<u>7,151.59</u>	<u>6,339,140.57</u>
Budget Totals				<u>73,246.99</u>
Non-Budget Revenues	<u>A-1,2</u>			<u>73,246.99</u>
		\$ 5,930,046.53	\$ 7,151.59	\$ 6,412,387.56
	Ref.	A-3	A-3	\$ 475,189.44

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	<u>Realized</u>
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Collections</u>		
Revenue from Collections	A-1,6	\$ 39,999,390.11
Less: Allocated to School, County and Special District Taxes	A-6	37,906,507.05
Balance for Support of Municipal Budget Appropriations		<u>2,092,883.06</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>827,465.03</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>\$ 2,920,348.09</u>
 <u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-2,6,7,8	<u>\$ 621,001.88</u>
 <u>Analysis of Non-Budget Revenue</u>		
Discovery Fees		\$ 862.77
Rebates and Refunds		350.95
Sale of Scrap Metal		343.20
Grass Cutting		1,867.50
Year End Penalty		14,267.23
Senior Citizen and Veteran Deduction 2% Administrative Fee		1,234.59
Roosevelt Recycling		109.94
Credit Card Convenience Fees		3,540.00
FEMA Reimbursement		37,817.04
Electronic Recycling		954.16
Returned Check Fees		225.00
Miscellaneous		<u>11,674.61</u>
	A-2,4	<u>\$ 73,246.99</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 6

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
General Government						
General Administration						
Salaries and Wages	\$ 88,000.00	\$ 88,000.00	\$ 82,495.79	\$	\$ 5,504.21	\$
Other Expenses	89,525.00	86,625.00	65,164.05	8,370.80	13,090.15	
Miscellaneous						
Mayor and Township Committee						
Salaries and Wages	36,000.00	36,000.00	35,769.00		231.00	
Other Expenses	855.00	855.00	774.73	35.17	45.10	
Municipal Clerk						
Salaries and Wages	117,000.00	117,000.00	113,560.74		3,439.26	
Other Expenses	13,537.50	13,537.50	9,265.80	1,413.65	2,858.05	
Financial Administration						
Salaries and Wages	96,000.00	96,000.00	95,353.40		646.60	
Other Expenses	36,385.00	36,385.00	32,338.84	3,962.34	83.82	
Audit Services	29,000.00	29,000.00	27,900.00		1,100.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	62,000.00	62,000.00	59,377.67		2,622.33	
Other Expenses	7,481.25	7,481.25	6,259.08		1,222.17	
Tax Assessment Administration						
Salaries and Wages	89,000.00	89,000.00	88,633.10		366.90	
Other Expenses	10,265.00	10,265.00	9,128.11		1,136.89	
Legal Services						
Other Expenses	135,000.00	135,000.00	92,775.31	18,248.15	23,976.54	
Engineering Services						
Other Expenses	80,000.00	80,000.00	65,144.22	10,323.85	4,531.93	
Historical Preservation Committee						
Other Expenses	1,500.00	1,500.00	1,372.00		128.00	
Veterans Memorial Committee						
Other Expenses	1,425.00	1,425.00	1,198.60	85.00	141.40	
Open Space Farmland Preservation Council						
Salaries and Wages	52,000.00	52,000.00	49,259.51		2,740.49	
Other Expenses	3,087.50	3,087.50	353.70	736.44	1,997.36	
Land Use Administration - Agricultural						
Other Expenses	1,520.00	1,520.00	107.08		1,412.92	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 2 of 6

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Planning Board	\$ 22,000.00	\$ 21,000.00	\$ 20,311.03	\$	\$ 688.97	\$
Salaries and Wages	8,550.00	12,050.00	7,271.13	4,695.18	83.69	
Other Expenses						
Zoning Board of Adjustment						
Salaries and Wages	22,000.00	22,000.00	20,636.03		1,363.97	
Other Expenses	4,605.00	12,605.00	11,049.03	975.00	580.97	
Insurance						
Liability Insurance	94,285.00	94,285.00	94,285.00			
Workers' Compensation Insurance	68,593.00	68,593.00	68,593.00			
Employee Group Health Insurance	534,000.00	548,000.00	531,162.55	13,914.25	2,923.20	
Employee Group Insurance Waiver	14,250.00	14,250.00	14,250.00			
Unemployment Insurance	10,000.00	10,000.00	7,581.57		2,418.43	
Municipal Court						
Salaries and Wages	121,000.00	115,000.00	104,019.70	225.00	10,755.30	
Other Expenses	22,725.00	22,725.00	17,435.42	4,861.09	428.49	
Office of Emergency Management						
Other Expenses	9,500.00	14,500.00	9,525.37	1,493.42	3,481.21	
Aid to Volunteer Ambulance Companies						
Contribution	35,000.00	35,000.00	35,000.00			
Other Expenses	6,000.00	6,000.00		6,000.00		
Public Defender						
Other Expenses	5,000.00	5,000.00	2,861.00		2,139.00	
Municipal Prosecutor						
Salaries and Wages	28,000.00	28,000.00	27,980.00		20.00	
Public Works						
Streets and Roads						
Salaries and Wages	353,000.00	353,000.00	344,151.87		8,848.13	
Other Expenses	206,422.00	206,422.00	46,256.87	157,431.71	2,733.42	
Shade Tree Commission						
Other Expenses	5,082.50	5,982.50	2,001.96	3,938.00	42.54	
Sanitation						
Salaries and Wages	26,000.00	26,000.00	19,973.45		6,026.55	
Other Expenses	92,500.00	92,500.00	89,381.08	1,866.83	1,252.09	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 6

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
Buildings and Grounds	\$ 87,343.82	\$ 97,343.82	\$ 72,860.78	\$ 20,855.31	\$ 3,627.73	\$
Other Expenses						
Vehicle Maintenance	60,000.00	50,000.00	24,072.44	14,453.86	11,473.70	
Other Expenses						
Repair, Reconstruction of Streets, Roads or Bridge or Other Public Property Damaged by Hurricane Sandy		425,000.00	425,000.00			
<u>Health and Human Services</u>						
Senior Transportation	9,500.00	10,175.00	8,150.00	1,340.00	685.00	
Other Expenses						
Environmental Commission (N.J.S.A. 40:56A-1 et. Seq.)	2,400.00	2,400.00	2,100.00		300.00	
Salaries and Wages	3,966.25	3,966.25	430.02		3,536.23	
Other Expenses						
<u>Park and Recreation Functions</u>						
Recreation Commission	76,000.00	76,500.00	76,346.64		153.36	
Salaries and Wages	3,990.00	4,490.00	4,440.66	4.21	45.13	
Other Expenses						
Maintenance of Parks	500.00	500.00	125.43		374.57	
Other Expenses						
<u>Education Functions (Including Library)</u>						
Contribution to Municipal Library	250.00	250.00	250.00			
Other Expenses						
<u>Other Common Operating Functions</u>						
Celebration of Public Events	10,450.00	10,450.00	7,176.65	977.28	2,296.07	
Other Expenses						
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>						
Construction Official	237,000.00	237,000.00	234,369.72		2,630.28	
Salaries and Wages	7,790.00	7,790.00	5,106.42	493.67	2,189.91	
Other Expenses						
<u>Other Code Enforcement Functions</u>						
Salaries and Wages	72,000.00	72,000.00	70,794.11		1,205.89	
Other Expenses	5,415.00	5,415.00	4,491.60		923.40	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 6

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Unclassified						
Utility Expenses	\$ 54,000.00	\$ 50,000.00	\$ 35,619.82	\$ 6,736.69	\$ 7,643.49	\$
Electricity	108,000.00	102,147.00	89,079.01	7,832.84	5,235.15	
Street Lighting	43,000.00	40,000.00	35,875.18	1,552.68	2,572.14	
Telephone	25,000.00	19,000.00	16,262.10	2,700.00	37.90	
Gas (Natural or Propane)	80,000.00	80,000.00	47,344.04	3,109.45	29,546.51	
Gasoline						
Landfill/Solid Waste Disposal Costs						
Other Expenses	20,000.00	13,678.00	13,677.75		.25	
Total Operations within Caps	<u>3,544,698.82</u>	<u>3,967,698.82</u>	<u>3,483,529.16</u>	<u>298,631.87</u>	<u>185,537.79</u>	
Detail:						
Salaries and Wages	1,499,400.00	1,492,900.00	1,445,131.76	225.00	47,543.24	
Other Expenses	<u>2,045,298.82</u>	<u>2,474,798.82</u>	<u>2,038,397.40</u>	<u>298,406.87</u>	<u>137,994.55</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS						
Deferred Charges:						
Prior Year Bills:						
Verizon (2006)	729.45	729.45	729.45			
Contribution to:						
Public Employees' Retirement System of New Jersey	158,059.00	158,059.00	158,059.00		10,094.37	
Social Security System (O.A.S.I.)	125,000.00	125,000.00	114,905.63		247.91	
Defined Contribution Retirement Program	1,000.00	1,000.00	752.09			
Total Deferred Charges and Statutory Expenditures within Caps	<u>284,788.45</u>	<u>284,788.45</u>	<u>274,446.17</u>		<u>10,342.28</u>	
Total Appropriations within Caps	<u>3,829,487.27</u>	<u>4,252,487.27</u>	<u>3,757,975.33</u>	<u>298,631.87</u>	<u>195,880.07</u>	
OPERATIONS EXCLUDED FROM CAPS						
County of Monmouth - 911 Services						
Other Expenses	24,544.99	24,544.99	24,544.99			
Length of Service Awards Program (LOSAP)	16,367.00	16,367.00	14,057.00		2,310.00	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 5 of 6

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Shared Services Agreements						
Animal Control Services	\$ 15,645.00	\$ 17,645.00	\$ 15,935.00	\$ 1,615.00	\$ 95.00	\$
Other Expenses						
Municipal Court	5,200.00	5,200.00	5,200.00			
Salaries and Wages	800.00	800.00	800.00			
Other Expenses						
Public and Private Programs Offset by Revenues						
Local Matching Funds for Grants	7,500.00	7,500.00			7,500.00	
Clean Communities Program	30,386.12	30,386.12	30,386.12			
Historical Preservation - Clarksburg Church						
Grant Portion	6,000.00	6,000.00	6,000.00			
Matching Portion	6,000.00	6,000.00	6,000.00			
Municipal Alliance on Alcohol and Drug Abuse						
Grant Portion	13,465.00	13,465.00	13,465.00			
Matching Portion	3,366.25	3,366.25	2,835.94		530.31	
Recycling Tonnage Grant	7,151.59	7,151.59	7,151.59			
Supplemental Fire Services Program						
Fire District Payment	1,978.00	1,978.00		1,978.00		
Total Operations excluded from Caps	<u>138,403.95</u>	<u>140,403.95</u>	<u>126,375.64</u>	<u>3,593.00</u>	<u>10,435.31</u>	
Detail:						
Salaries and Wages	5,200.00	5,200.00	5,200.00			
Other Expenses	133,203.95	135,203.95	121,175.64	3,593.00	10,435.31	
CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS						
Capital Improvement Fund	6,250.00	6,250.00	6,250.00			
MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS						
Payment of Bond Principal	434,000.00	434,000.00	434,000.00			
Payment of Bond Anticipation Note and Capital Notes	148,095.00	148,095.00	148,095.00			
Interest on Bonds	376,059.74	376,059.74	376,059.74			
Interest on Notes	106,282.13	106,282.13	98,715.07			
						7,567.06

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 6

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Capital Lease Obligations						
Principal	\$ 53,100.00	\$ 53,100.00	\$ 53,100.00	\$		\$
Interest	18,055.00	18,055.00	18,051.47			3.53
Total Municipal Debt Service excluded from Caps	<u>1,135,591.87</u>	<u>1,135,591.87</u>	<u>1,128,021.28</u>			<u>7,570.59</u>
Total General Appropriations excluded from Caps	<u>1,280,245.82</u>	<u>1,282,245.82</u>	<u>1,260,646.92</u>	<u>3,593.00</u>	<u>10,435.31</u>	<u>7,570.59</u>
Subtotal General Appropriations	5,109,733.09	5,534,733.09	5,018,622.25	302,224.87	206,315.38	7,570.59
Reserve for Uncollected Taxes	<u>827,465.03</u>	<u>827,465.03</u>	<u>827,465.03</u>			
Total General Appropriations	<u>\$ 5,937,198.12</u>	<u>\$ 6,362,198.12</u>	<u>\$ 5,846,087.28</u>	<u>\$ 302,224.87</u>	<u>\$ 206,315.38</u>	<u>\$ 7,570.59</u>
					A-1	
<u>Ref.</u>						
A-10		\$ 425,000.00				
A-2		7,151.59				
A-2		<u>5,930,046.53</u>				
		<u>\$ 6,362,198.12</u>				
A-2			\$ 827,465.03			
A-4			<u>4,527,783.60</u>			
Deferred Charges:						
Special Emergency Authorizations	A		425,000.00			
Interfund - Federal and State Grant Fund	A-22		<u>65,838.65</u>			
			<u>\$ 5,846,087.28</u>			

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - TRUST FUNDS

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 128.78	\$ 2,686.31
<u>Other Trust</u>			
Cash	B-1	3,057,043.58	3,682,821.92
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-5	281,866.53	263,719.39
		<u>\$ 3,339,038.89</u>	<u>\$ 3,949,227.62</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due State of New Jersey	B-2	\$ 19.20	\$ 1.20
Reserve for Encumbrances	B-3	5.40	1,015.00
Reserve for Animal Control Fund Expenditures	B-3	104.18	1,670.11
		<u>128.78</u>	<u>2,686.31</u>
<u>Other Trust</u>			
Reserve for Encumbrances	B-4	47,924.40	39,724.64
Miscellaneous Reserves	B-4	3,009,119.18	3,643,097.28
		<u>3,057,043.58</u>	<u>3,682,821.92</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-5	281,866.53	263,719.39
		<u>\$ 3,339,038.89</u>	<u>\$ 3,949,227.62</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	C-2	\$ 638,871.95	\$ 645,227.57
Receivables With Full Reserves:			
Federal and State Grants and Aid Receivable	C-4	243,792.44	243,792.44
DOT Grant Receivable	C-4	349,058.30	125,418.75
Deferred Charges to Future Taxation:			
Funded	C-5	8,106,142.13	8,954,017.49
Unfunded	C-6	12,501,708.20	12,284,611.65
Interfund - Current Fund			63,526.85
		<u>\$ 21,839,573.02</u>	<u>\$ 22,316,594.75</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-7	\$ 136.08	\$ 136.08
Improvement Authorizations:			
Funded	C-8	308,054.97	21,890.47
Unfunded	C-8	1,369,000.74	1,010,359.11
Reserve for Encumbrances	C-8	9,227.50	20,022.03
Preliminary Costs Payable	C-9	3,073.41	3,145.91
Bond Anticipation Notes	C-10	11,358,185.00	11,600,732.00
Serial Bonds	C-11	1,435,000.00	8,312,000.00
Refunding Bonds Payable	C-12	6,120,000.00	
Green Trust Loan Payable	C-13	243,142.13	280,917.49
Lease Revenue Bonds Payable	C-14	308,000.00	361,100.00
Miscellaneous Reserves	C-15	1,613.01	26,825.47
Reserve for Federal and State Grants and Aid Receivable		243,792.44	243,792.44
Fund Balance	C-1	<u>440,347.74</u>	<u>435,673.75</u>
		<u>\$ 21,839,573.02</u>	<u>\$ 22,316,594.75</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$1,143,523 and \$692,273 respectively (Schedule C-18).

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2011	<u>C</u>	\$ 435,673.75
Increased by:		
Premium on Sale of Notes	C-2	<u>4,673.99</u>
Balance December 31, 2012	C	<u><u>\$ 440,347.74</u></u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 13,301,476.28	\$ 13,162,318.23
Buildings	4,432,866.40	3,885,424.45
Improvements Other Than Buildings	5,614,561.87	5,614,561.87
Machinery and Equipment	<u>2,288,002.09</u>	<u>2,274,265.09</u>
	<u>\$ 25,636,906.64</u>	<u>\$ 24,936,569.64</u>
Investment in General Fixed Assets	<u>\$ 25,636,906.64</u>	<u>\$ 24,936,569.64</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Millstone, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or local fire districts which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2012.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - dog license revenues and expenditures.

Trust-Other Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2012 is set forth in Note 5.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

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

Capital Lease - The Township is obligated under a lease with the Monmouth County Improvement Authority. The related obligation is presented in Note 4 and also presented on the General Capital Fund Balance Sheet in accordance with the regulatory reporting requirements. Interest and principal is charged to the budget based upon the cash basis. GAAP requires that the leased assets and related obligations be accounted for at present value in the General Fixed Assets Account Group and the General Long-Term Debt Group, respectively. GAAP also requires that the effective interest method be utilized to determine the interest expense.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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 balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system.

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

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

During 2012 and 2011 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Fixed Assets Account Group:				
Land	\$ 13,162,318	\$ 139,158	\$	\$ 13,301,476
Buildings	3,885,424	547,442		4,432,866
Machinery and Equipment	2,274,265	21,282	7,545	2,288,002
Improvements - Other than Buildings	5,614,562			5,614,562
	<u>\$ 24,936,569</u>	<u>\$ 707,882</u>	<u>\$ 7,545</u>	<u>\$ 25,636,906</u>

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustment</u>	<u>Transfer</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets Account Group:						
Land	\$ 29,299,669	\$ 5,609,320	\$	21,746,671		\$ 13,162,318
Buildings	2,114,428				1,770,996	3,885,424
Development Rights	7,281,471			7,281,471		
Machinery and Equipment	2,582,973	9,099	317,807			2,274,265
Improvements - Other than Buildings					5,614,562	5,614,562
Construction in Progress	8,512,278			1,126,720	(7,385,558)	
	<u>\$ 49,790,819</u>	<u>\$ 5,618,419</u>	<u>\$ 317,807</u>	<u>\$ 30,154,862</u>	<u>\$</u>	<u>\$ 24,936,569</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Township's deposits was \$19,575,589 and the bank balance amount was \$19,747,610. Of this amount \$750,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$18,997,610.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Township had no investments in qualified securities at December 31, 2012.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 750,000	\$ 750,000
GUDPA	<u>18,997,610</u>	<u>20,269,255</u>
	\$ <u>19,747,610</u>	\$ <u>21,019,255</u>

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

The Township's long-term debt is summarized as follows:

General Capital Fund

Serial Bonds

5.00% General Improvement Bonds issued December 1, 2005,
installment maturities to December 1, 2015 \$ 1,435,000

The bonds mature serially to 2015. Aggregate debt service requirements during the next three fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 455,000	\$ 71,750
2014	478,000	49,000
2015	<u>502,000</u>	<u>25,100</u>
	\$ <u>1,435,000</u>	\$ <u>145,850</u>

NOTE 3. DEBT

A. Long-Term Debt (Continued)

General Capital Fund (Continued)

Refunding Bonds

2.00% 5.00% General Improvement Bonds issued May 22, 2012,
installment maturities to December 31, 2025 \$ 6,120,000

The bonds mature serially to 2025. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$	\$ 272,450
2014		272,450
2015		272,450
2016	505,000	272,450
2017	525,000	252,250
2018-22	2,965,000	928,450
2023-25	<u>2,125,000</u>	<u>215,750</u>
	\$ <u>6,120,000</u>	\$ <u>2,486,250</u>

Green Trust Loan Program

The Township has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The loan for Purchase of Development Rights - Top Step Farm was finalized on December 2, 1998. The Township must repay the loan in semi-annual installments over twenty years. The balance December 31, 2012 was \$243,142. Loan payments are due through 2018.

Debt service requirements during the next five fiscal years is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 38,535	\$ 4,671
2014	39,309	3,897
2015	40,099	3,106
2016	40,905	2,300
2017	41,728	1,478
2018	<u>42,566</u>	<u>640</u>
	\$ <u>243,142</u>	\$ <u>16,092</u>

B. Short-Term Debt

At December 31, 2012, the Township's outstanding bond anticipation notes were as follows:

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
01-34	Renovation to the Clarksburg School	1.25%	\$ 1,230
01-43	Acquisition of Development Rights to the Buono Property	1.25%	5,349
06-12	Park Improvements	1.25%	443,303
06-13	2006 Road Improvement Program	1.25%	1,140,812
06-21	Brandywine Park Improvements	1.25%	170,571
06-22	Acquisition of Public Works Vehicles	1.25%	193,518
06-23	Various Improvements	1.25%	87,080
07-15	2007 Road Improvement Program	1.25%	925,640
07-16	Park Improvements - Phase II	1.25%	190,000
08-04	Acquisition of Development Easements	1.00%	637,706
08-05	Acquisition of Land for Open Space	1.00%	3,307,290
08-06	Acquisition of Development Easements for Open Space Purposes	1.00%	1,224,769
08-07	Acquisition of Development Easements for Open Space Purposes	1.00%	1,590,437
08-19	2008 Road Improvement Program	1.25%	306,923
08-20	Acquisition of Public Works Vehicles and Equipment	1.25%	291,333
08-21	ADA Improvements to Abate Park	1.25%	91,724
08-22	Site Improvements to Municipal Projects	1.25%	71,250
09-16	2009 Road Improvement Program	1.25%	57,000
10-03	Acquisition of real Property	1.25%	337,250
10-21	2010 Road Improvement Program	1.25%	47,500
11-03	2011 Road Improvement Program	1.25%	<u>237,500</u>
			\$ <u>11,358,185</u>

C. Bonds and Notes Authorized but not Issued

At December 31, 2012, the Township had authorized but not issued bonds and notes as follows:

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 1,143,523	\$ 692,273

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2012 was 1.07%. The Township's remaining borrowing power is 2.43%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Activity

During 2012 and 2011 the following changes occurred in outstanding municipal debt of the Township:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Debt:				
Serial Bonds	\$ 8,312,000	\$	\$ 6,877,000	\$ 1,435,000
Refunding Bonds		6,120,000		6,120,000
Bond Anticipation Notes	11,600,732		242,547	11,358,185
Green Trust Loan	280,917		37,775	243,142
	<u>\$ 20,193,649</u>	<u>\$ 6,120,000</u>	<u>\$ 7,157,322</u>	<u>\$ 19,156,327</u>
	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Debt:				
Serial Bonds	\$ 8,725,000	\$	\$ 413,000	\$ 8,312,000
Bond Anticipation Notes	11,353,439	940,681	693,388	11,600,732
Green Trust Loan	317,949		37,031	280,918
	<u>\$ 20,396,388</u>	<u>\$ 940,681</u>	<u>\$ 1,143,419</u>	<u>\$ 20,193,650</u>

NOTE 4. CAPITAL LEASE

As described in Note 1, the obligations under the capital leases based upon the statutory basis of accounting are as follows:

<u>Calendar</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 55,700	\$ 15,400
2014	58,500	12,615
2015	61,500	9,690
2016	64,500	6,615
2017	<u>67,800</u>	<u>3,390</u>
	<u>\$ 308,000</u>	<u>\$ 47,710</u>

NOTE 5. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay.

The Township adopted a policy during 1987 for Accrued Sick and Vacation pay, which allows five vacation days to be carried from one year to the next upon approval by the Township Administrator. At retirement, an employee with 15 years of service will be reimbursed for unused sick days accumulated at the rate of 50% per diem based upon salary at retirement up to a maximum of \$15,000.

The estimated current cost of such unpaid compensation approximates \$67,365 and \$72,416 at December 31, 2012 and 2011, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 6. FUND BALANCES APPROPRIATED

The fund balance at December 31, 2012 appropriated and included as anticipated revenue for the year ending December 31, 2013 was as follows:

Current Fund:	
Fund Balance	\$ 755,709

NOTE 7. TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 208,153	\$ 255,590

NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 9. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 10. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012 the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergency	\$ 425,000	\$ 85,000	\$ 340,000

The appropriation in the 2013 budget was not less than that required by statute. The Township did not have deferred charges at December 31, 2011.

NOTE 11. DEFERRED COMPENSATION

The Township's Deferred Compensation Program is offered to all eligible Township employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Township through a program administrator.

In 1998 the Township, by resolution, amended the program to be in compliance with the revised Internal Revenue regulations and therefore the balance, as previously recorded in the Township's Trust Fund financial statements, is no longer reflected.

NOTE 12. PENSION PLANS

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

Public Employees' Retirement System (PERS)

The 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 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however 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 are detailed below.

Defined Contribution Retirement Program (DCRP)

The DCRP 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 Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

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

There were three Township employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

NOTE 12. PENSION PLANS (CONTINUED)

Other Information

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

	2012		2011		2010	
	<u>PERS</u>	<u>DCRP</u>	<u>PERS</u>	<u>DCRP</u>	<u>PERS</u>	<u>DCRP</u>
Normal Contribution	\$ 49,531	\$ 640	\$ 61,626	\$ 640	\$ 51,031	\$ 640
Accrued Liability	99,061		98,196		65,569	
Total Regular Pension Contribution	<u>148,592</u>	<u>640</u>	<u>159,822</u>	<u>640</u>	<u>116,600</u>	<u>640</u>
Non-Contributory Group Life Insurance	9,467		12,138		16,170	
Contributory Group Life Insurance		<u>112</u>		<u>560</u>		
Total Due	<u>\$ 158,059</u>	<u>\$ 752</u>	<u>\$ 171,960</u>	<u>\$ 1,200</u>	<u>\$ 132,770</u>	<u>\$ 640</u>

The Division does not invest in securities issued by the Township.

The State of New Jersey enacted Public Law 2009, C. 19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the PERS and PFRS which would have been due April 1, 2010. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2013; however, the contribution employer is permitted to pay off the amount. The Township did not elect to defer a portion of its pension contribution in 2009.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS

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. 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. On December 4, 1991, the Township authorized participation in the SHBP's post-retirement benefit program through Resolution Number 91-136. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township contributions to SHBP for the years ended December 31, 2012, 2011 and 2010 were \$154,911, \$90,411 and \$66,141, respectively, which equaled the required contributions for each year. There were approximately 11, 7 and 7 retired participants eligible at December 31, 2012, 2011 and 2010, respectively.

NOTE 14. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 14,877,546	\$ 15,346,166
Deferred	<u>1,500,000</u>	<u>1,000,000</u>
Tax Payable	\$ <u>13,377,546</u>	\$ <u>14,346,166</u>

NOTE 15. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Monmouth County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

NOTE 15. RISK MANAGEMENT (CONTINUED)

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 16. CONTINGENT LIABILITIES

Federal and State Financial Assistance

The Township receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2012, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$	\$ 784
Grant Fund	<u>784</u>	—
	\$ <u>784</u>	\$ <u>784</u>

NOTE 18. LENGTH OF SERVICE AWARD PLAN

The Township has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan) to ensure retention of the Township’s volunteer First Aid and Fire Department squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code”.

Annual Contributions - The maximum annual contribution to be made by the Township for each active volunteer member shall be \$1,551 per year of active emergency service, commencing with the year 2011.

Appropriations - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget, commencing with the year 2001.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the “consumer price index factor” pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member’s performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of the LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member’s eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service within three years and again becomes a participant will receive past credits.

NOTE 18. LENGTH OF SERVICE AWARD PLAN (CONTINUED)

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 19. SUBSEQUENT EVENT - DEBT AUTHORIZED

The Township has not adopted any bond ordinances as of the audit date in 2013.

TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2012

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ <u>2.58</u>	\$ <u>2.29</u>	\$ <u>2.17</u>
Apportionment of Tax Rate:			
Municipal	.16	.10	.09
County	.36	.32	.32
Local School	1.90	1.73	1.62
Fire	.10	.08	.08
Municipal Farmland Preservation	.06	.06	.06
Assessed Valuation:			
2012	\$ 1,566,095,806		
2011		\$ 1,773,530,068	
2010			\$ 1,774,360,683

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$ 40,587,999	\$ 39,999,390	98.54%
2011	40,853,740	40,216,197	98.43%
2010	38,599,812	37,922,143	98.24%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 225,305	\$ 564,423	\$ 789,728	1.95%
2011	207,274	600,882	808,156	1.98%
2010	147,700	622,422	770,122	1.99%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ -0-
2011	147,700
2010	147,700

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2012	\$ 1,506,113	\$ 755,709
2011	1,169,633	1,024,000
2010	2,298,440	1,863,000
2009	3,084,346	2,310,000
2008	4,239,508	2,668,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
Bond Anticipation Note Issued	\$ 11,358,185	\$ 11,600,732	\$ 11,353,439
Serial Bonds Payable	1,435,000	8,312,000	8,725,000
Refunding Bonds Payable	6,120,000		
Green Trust Loan	<u>243,142</u>	<u>280,917</u>	<u>317,949</u>
Total Issued	<u>19,156,327</u>	<u>20,193,649</u>	<u>20,396,388</u>
<u>Authorized but not Issued</u>			
General Bonds and Notes	<u>1,143,523</u>	<u>692,273</u>	<u>1,395,273</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>20,299,850</u>	\$ <u>20,885,922</u>	\$ <u>21,791,661</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.07%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 38,830,000	\$ 38,830,000	\$
General Debt	<u>20,299,850</u>	<u>243,142</u>	<u>20,056,708</u>
	\$ <u>59,129,850</u>	\$ <u>39,073,142</u>	\$ <u>20,056,708</u>

Net Debt \$20,056,708 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$1,877,622,238 = 1.07%.

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

3.5% of Equalized Valuation Basis	\$ 65,716,778
Net Debt	<u>20,056,708</u>
Remaining Borrowing Power	\$ <u>45,660,070</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Nancy Grbelja	Mayor	
Michael Kuczinski	Deputy Mayor	
Gary Dorfman	Committeeman	
Robert Kinsey	Committeeman	
Fiore Masci	Committeeman	
Maria Dellasala	Township Clerk, Officer for Searches for Municipal Improvements, Registrar of Vital Statistics, Purchasing Agent	
Tom Antus	Business Administrator, DPW Coordinator	
Annette Murphy	Chief Financial Officer	\$ (1)
Amanda Salerno	Treasurer	(1)
Duane O. Davidson, Esq.	Attorney	
Dawn Mitchell	Tax Collector	(1)
Thomas F.X. Foley, Esq.	Magistrate	
Diane Canzanella	Court Administrator	
Dawn Wattai	Assistant Deputy Court Administrator	
Katherine A. Slisky	Recreation Coordinator	
Sandra Belan	Recreation Assistant	
Arlene Yarbrough	Construction Office Secretary	

(1) These officials are covered by a \$1,000,000 blanket bond with a \$1,000 deductible provided by the Middlesex County Joint Insurance Fund.

There is employee theft insurance with a \$1,000,000 limit per occurrence and a \$15,000 deductible.

There is public official liability coverage with a limit of \$11,000,000 and no deductible.

All coverage is provided by the Middlesex County Joint Insurance Fund.

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 16,441,032.61
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 73,246.99	
Collector	40,650,948.81	
Revenue Accounts Receivable	1,577,133.34	
Due State of New Jersey	75,615.45	
Payroll Liabilities	1,878,100.76	
Interfund - Federal and State Grant Fund	47,174.86	
		<u>44,302,220.21</u>
		60,743,252.82
Decreased by Disbursements:		
2012 Budget Appropriations	4,527,783.60	
Fire District Taxes	1,512,150.00	
Municipal Open Space Tax	939,657.48	
2011 Appropriation Reserves	168,330.45	
Due State of New Jersey	12,263.00	
Payroll Liabilities	1,878,100.76	
Local District School Taxes Payable	30,223,711.50	
County Taxes Payable	5,713,286.93	
Interfunds:		
Federal and State Grant Fund	53,309.68	
General Capital Fund	63,526.85	
		<u>45,092,120.25</u>
Balance December 31, 2012		\$ <u><u>15,651,132.57</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:		
Taxes Receivable	\$ 40,260,955.77	
Tax Title Liens Redeemed	67.74	
Special Charges Receivable	29,219.18	
Interest and Costs on Taxes	133,654.55	
Tax Overpayments	18,898.11	
Prepaid Taxes	<u>208,153.46</u>	
		\$ 40,650,948.81
Decreased by Disbursements:		
Turnovers to Treasurer		<u>\$ 40,650,948.81</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	2012 Levy	Collected		Net Amount Due from State of New Jersey	Transfer to Tax Title Liens	Transfer to Special Charges	Overpayments Applied	Cancelled	Balance Dec. 31, 2012
			2012	2011						
2011	\$ 600,882.32	\$	\$ 577,804.58	\$	(520.55)	\$	\$ 8,623.66	\$ 1,064.25	\$	\$
2012		40,587,999.39	39,683,151.19	255,589.60	60,649.32	18,099.46	2,948.70	3,138.50		564,422.62
	\$ 600,882.32	\$ 40,587,999.39	\$ 40,260,955.77	\$ 255,589.60	\$ 60,128.77	\$ 18,099.46	\$ 11,572.36	\$ 4,202.75	\$	\$ 564,422.62

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax
Special District Taxes
Added and Omitted Taxes

\$ 38,790,126.06
1,709,115.71
88,757.62

\$ 40,587,999.39

Tax Levy:

Local District School Tax (Abstract)

County Taxes:

County Tax (Abstract)
County Library Tax (Abstract)
County Health Tax (Abstract)
County Open Space Preservation (Abstract)
Due County Added and Omitted Taxes

\$ 29,755,092.00

\$ 5,005,758.62
291,166.41
99,827.27
290,319.92
12,535.35

Total County Taxes

Fire District Taxes

Municipal Open Space Tax

Local Tax for Municipal Purposes Levied

Add: Additional Tax Levied

5,699,607.57
1,512,150.00
939,657.48
2,590,456.72
91,035.62

\$ 40,587,999.39

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011		\$ 207,273.66
Increased by:		
Transfer from Taxes Receivable		<u>18,099.46</u>
		225,373.12
Decreased by:		
Redemptions		<u>67.74</u>
Balance December 31, 2012		\$ <u><u>225,305.38</u></u>

SCHEDULE OF SPECIAL CHARGES RECEIVABLE

Exhibit A-8

Balance December 31, 2011		\$ 27,986.55
Increased by:		
Transfers from Taxes Receivable		<u>11,572.36</u>
		39,558.91
Decreased by:		
Receipts	\$ 29,219.18	
Adjustment	<u>580.50</u>	
		<u>29,799.68</u>
Balance December 31, 2012		\$ <u><u>9,759.23</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u>	<u>Accrued</u>	<u>Collected by</u>	<u>Balance</u>
	<u>Dec. 31, 2011</u>	<u>in 2012</u>	<u>Treasurer</u>	<u>Dec. 31, 2012</u>
			<u>Collector</u>	
Licenses	\$			\$
Alcoholic Beverages	\$	6,000.00	\$	
Fees and Permits		21,493.90	21,493.90	
Fines and Costs				
Municipal Court	5,665.52	99,369.10	99,927.24	5,107.38
Interest and Costs on Taxes		133,654.55		
Interest on Investments and Deposits		200,868.78	200,868.78	
Cash on Hand to Pay Notes		8,393.55	8,393.55	
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)		821,546.00	821,546.00	
Cable Television Franchise Fee		54,437.00	54,437.00	
Garden State Trust Fund		20,207.00	20,207.00	
Uniform Construction Code Fees		317,780.00	317,780.00	
Verizon Franchise Fees		26,479.87	26,479.87	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	5,665.52	1,710,229.75	1,577,133.34	5,107.38
			133,654.55	
				<u>5,107.38</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF DEFERRED CHARGES

SPECIAL EMERGENCY AUTHORIZATIONS (N.J.S. 40A:4-55)

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	1/5 of	<u>Net Amount Authorized</u>	<u>Increased in 2012</u>	<u>Balance Dec. 31, 2012</u>
11/21/2012	Repair, Reconstruction of Streets, Roads or Bridge, or Other Public Property Damaged by Hurricane Sandy	\$ 425,000.00		\$ 85,000.00	\$ 425,000.00	\$ 425,000.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 4

OPERATIONS WITHIN CAPS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration	\$ 249.23	\$ 249.23		\$ 249.23
Salaries and Wages				
Other Expenses				
Miscellaneous	22,539.66	22,539.66	3,023.21	19,516.45
Mayor and Township Committee				
Salaries and Wages	231.00	231.00		231.00
Other Expenses	260.95	260.95		260.95
Municipal Clerk				
Salaries and Wages	437.56	437.56		437.56
Other Expenses	1,237.10	1,237.10	726.45	510.65
Financial Administration				
Salaries and Wages	550.38	550.38		550.38
Other Expenses	3,471.61	3,471.61	3,043.62	427.99
Audit Services	425.00	425.00		425.00
Revenue Administration (Tax Collection)				
Salaries and Wages	486.15	486.15		486.15
Other Expenses	1,751.96	1,751.96	199.00	1,552.96
Tax Assessment Administration				
Salaries and Wages	8.70	8.70		8.70
Other Expenses	5,818.77	5,818.77	866.79	4,951.98
Legal Services and Costs				
Other Expenses	27,394.94	27,394.94	17,086.36	10,308.58
Engineering Services and Costs				
Other Expenses	7,509.13	7,509.13	6,318.75	1,190.38
Historical Preservation Committee				
Other Expenses	136.90	136.90		136.90
Veterans Memorial Committee				
Other Expenses	720.70	720.70	85.00	635.70
Land Use Administration				
Other Expenses	1,449.06	1,449.06		1,449.06

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

Sheet 2 of 4

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Planning Board	\$ 41.90	\$ 41.90		\$ 41.90
Salaries and Wages			769.92	3,640.91
Other Expenses	4,410.83	4,410.83		
Zoning Board				
Salaries and Wages	41.90	41.90		41.90
Other Expenses	4,204.54	4,204.54	62.00	4,142.54
Open Space Farmland Preservation Council				
Salaries and Wages	197.00	197.00		197.00
Other Expenses	1,672.12	1,672.12		1,672.12
Insurance				
Liability Insurance	5,000.00	5,000.00		5,000.00
Employee Group Health Insurance	39,620.26	39,620.26		20,114.50
Employee Group Insurance Waiver	3,000.00	3,000.00	19,505.76	3,000.00
Unemployment Insurance	6,212.02	6,212.02		6,212.02
Office of Emergency Management				
Other Expenses	160.84	160.84		160.84
Aid to Volunteer Ambulance Companies				
Other Expenses	6,000.00	6,000.00	6,000.00	
Municipal Court				
Salaries and Wages	5,159.46	5,159.46		5,159.46
Other Expenses	2,966.34	2,966.34	1,307.34	1,659.00
Public Defender				
Other Expenses	2,445.00	2,445.00		2,445.00
Municipal Prosecutor				
Salaries and Wages	20.00	20.00		20.00
Streets and Roads Maintenance				
Salaries and Wages	4,828.57	4,828.57		4,828.57
Other Expenses	164,362.19	164,362.19	44,827.65	119,534.54
Shade Tree Commission				
Other Expenses	3,205.90	3,205.90	2,680.00	525.90
Sanitation				
Salaries and Wages	2,554.58	2,554.58		2,554.58
Other Expenses	3,015.73	3,015.73	1,137.78	1,877.95

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-11

Sheet 3 of 4

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Buildings and Grounds	\$ 19,201.54	\$ 19,201.54	\$ 8,195.74	\$ 11,005.80
Other Expenses				
Vehicle Maintenance	15,976.18	15,976.18	5,268.61	10,707.57
Other Expenses				
Senior Transportation	2,980.00	2,980.00	2,015.00	965.00
Other Expenses				
Environmental Commission (N.J.S.A. 40:56A-1 et seq.)	100.00	100.00		100.00
Salaries and Wages	2,767.80	2,767.80	209.44	2,558.36
Other Expenses				
Animal Control	527.50	527.50		527.50
Other Expenses				
Recreation Commission	9,838.73	9,838.73		9,838.73
Salaries and Wages	4,414.33	4,414.33	4,302.31	112.02
Other Expenses				
Maintenance of Parks	981.64	981.64	295.00	686.64
Other Expenses				
Celebration of Public Events	2,662.27	2,662.27	853.80	1,808.47
Other Expenses				
Construction Official	890.21	890.21		890.21
Salaries and Wages	2,532.94	2,532.94	281.90	2,251.04
Other Expenses				
Other Code Enforcement Functions	233.74	233.74		233.74
Salaries and Wages	267.82	267.82		267.82
Other Expenses				
Utility Expenses				
Electricity	19,241.72	19,241.72	5,058.76	14,182.96
Street Lighting	15,951.82	15,951.82	8,782.98	7,168.84
Telephone	3,057.43	3,057.43	2,447.34	610.09
Gas (Natural or Propane)	8,522.11	8,522.11	3,281.18	5,240.93
Gasoline	43,436.38	43,436.38	926.54	42,509.84
Landfill/Solid Waste Disposal Costs				
Other Expenses	4,760.40	4,760.40		4,760.40

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Statutory Expenditures				
Contribution to:				
Defined Contribution Retirement Program	\$ 30.14	\$ 30.14		\$ 30.14
Social Security System (O.A.S.I.)	<u>27,941.57</u>	<u>27,941.57</u>		<u>27,941.57</u>
Total General Appropriations for Municipal Purposes within Caps	<u>520,114.25</u>	<u>520,114.25</u>	<u>149,558.23</u>	<u>370,556.02</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>				
Local Matching Funds for Grants	10,000.00	10,000.00		10,000.00
Municipal Alliance Grant				
Local Share	1,290.43	1,290.43	1,272.22	18.21
Supplemental Fire Services Program				
Fire District Payment	1,978.00	1,978.00	1,978.00	
Capital Improvement Fund	<u>17,500.00</u>	<u>17,500.00</u>	<u>17,500.00</u>	
Total Appropriations excluded from Caps	<u>30,768.43</u>	<u>30,768.43</u>	<u>20,750.22</u>	<u>10,018.21</u>
	<u>\$ 550,882.68</u>	<u>\$ 550,882.68</u>	<u>\$ 170,308.45</u>	<u>\$ 380,574.23</u>
Appropriation Reserves - December 31, 2011				
Reserve for Encumbrances	\$ 422,907.41			
	<u>127,975.27</u>			
	<u>\$ 550,882.68</u>			
Disbursements			\$ 168,330.45	
Accounts Payable			<u>1,978.00</u>	
			<u>\$ 170,308.45</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF DUE STATE OF NEW JERSEY

	<u>Total</u>	<u>Chapter 20, P.L. 1971</u>	<u>Marriage License Fees</u>	<u>DCA Training Fees</u>
Balance December 31, 2011 - (Due From)/Due To	\$ 2,710.00	\$ 250.00	\$	\$ 2,460.00
Increased by:				
Receipts	75,615.45	61,229.45	725.00	13,661.00
Deductions Disallowed by Collector	621.23	621.23		
Total Increases	<u>76,236.68</u>	<u>61,850.68</u>	<u>725.00</u>	<u>13,661.00</u>
Total Increases and Balances	<u>78,946.68</u>	<u>62,100.68</u>	<u>725.00</u>	<u>16,121.00</u>
Decreased by:				
Deductions per Duplicate	60,250.00	60,250.00		
Deductions Allowed by Collector	500.00	500.00		
Disbursements	12,263.00		425.00	11,838.00
Balance Cancelled	1,750.00	1,750.00		
Total Decreases	<u>74,763.00</u>	<u>62,500.00</u>	<u>425.00</u>	<u>11,838.00</u>
Balance December 31, 2012 - (Due From)/Due To	\$ 4,183.68	\$ (399.32)	\$ 300.00	\$ 4,283.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF PAYROLL LIABILITIES

Increased by:	
Receipts	\$ 1,878,100.76
Decreased by:	
Disbursements	\$ <u>1,878,100.76</u>

SCHEDULE OF TAX OVERPAYMENTS

Exhibit A-14

Balance December 31, 2011	\$ 19,332.38
Increased by:	
Receipts	<u>18,898.11</u>
	38,230.49
Decreased by:	
Applied to 2011 Tax	<u>13,910.38</u>
Balance December 31, 2012	\$ <u>24,320.11</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF PREPAID TAXES

Balance December 31, 2011	\$	255,589.60
Increased by:		
Receipts		<u>208,153.46</u>
		463,743.06
Decreased by:		
Applied to 2012 Taxes		<u>255,589.60</u>
Balance December 31, 2012	\$	<u><u>208,153.46</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-16

Balance December 31, 2011:			
School Tax Payable	\$	14,346,165.50	
School Tax Deferred		<u>1,000,000.00</u>	
	\$		15,346,165.50
Increased by:			
Levy School Year July 1, 2012 - June 30, 2013			<u>29,755,092.00</u>
			45,101,257.50
Decreased by:			
Payments			<u>30,223,711.50</u>
Balance December 31, 2012:			
School Tax Payable		13,377,546.00	
School Tax Deferred		<u>1,500,000.00</u>	
	\$		<u><u>14,877,546.00</u></u>
2012 Liability for Local District School Tax:			
Tax Paid	\$		30,223,711.50
Tax Payable December 31, 2012			<u>13,377,546.00</u>
			43,601,257.50
Less: Tax Payable December 31, 2011			<u>14,346,165.50</u>
Amount Charged to 2012 Operations	\$		<u><u>29,255,092.00</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-17

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2011		\$ 26,214.71
Increased by:		
County Tax	\$ 5,005,758.62	
County Library Tax	291,166.41	
County Health Tax	99,827.27	
County Open Space Tax	290,319.92	
Added Taxes	<u>12,535.35</u>	
		<u>5,699,607.57</u>
		<u>5,725,822.28</u>
Decreased by:		
Payments		<u>5,713,286.93</u>
Balance December 31, 2012		<u><u>\$ 12,535.35</u></u>

SCHEDULE OF INTERFUND - GENERAL CAPITAL FUND

Exhibit A-18

Balance December 31, 2011 - (Due To)		\$ (63,526.85)
Decreased by:		
Disbursements		<u><u>\$ 63,526.85</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-19

SCHEDULE OF INTERFUND - CURRENT FUND

Increased by:			
Grant Fund Receivables Deposited in			
Current Fund	\$	36,783.05	
2012 Budget Appropriations		65,838.65	
Disbursements		10,391.81	
Grant Fund Receivables Cancelled		<u>20,190.56</u>	
Total Increases			\$ <u>133,204.07</u>
Decreased by:			
Grant Fund Expenditures Paid by Current Fund:			
Appropriated Reserves		43,226.35	
Receipts		10,083.33	
Appropriated Reserves Cancelled		<u>16,107.23</u>	
		<u>69,416.91</u>	
2012 Anticipated Revenues		<u>63,002.71</u>	
Total Decreases			<u>132,419.62</u>
Balance December 31, 2012			\$ <u><u>784.45</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-20

SCHEDULE OF CASH

Balance December 31, 2011		\$ 212,487.44
Increased by Receipts:		
Federal and State Grants Receivable	\$ 19,116.66	
Interfund - Current Fund	<u>10,083.33</u>	
		<u>29,199.99</u>
		241,687.43
Decreased by Disbursements:		
Federal and State Grants Appropriated Reserves	25,749.90	
Interfund - Current Fund	<u>10,391.81</u>	
		<u>36,141.71</u>
Balance December 31, 2012		\$ <u><u>205,545.72</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-21

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u> Program	<u>Balance</u> Dec. 31, 2011	<u>2012 Budget</u> <u>Revenue</u> Realized	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
Clean Communities Program	\$ 2,000.00	\$ 30,386.12	\$ 30,386.12	\$ 2,000.00	\$ 4,972.84
Green Communities	4,972.84			2,673.13	5,275.00
2008 Gypsy Moth Aerial Suppression Program	2,673.13				6,000.00
2009 Gypsy Moth Aerial Suppression Program	5,275.00				6,000.00
Historical Preservation - Clarksburg Church		6,000.00	6,000.00		
Historical Preservation - Clarksburg Church		6,000.00			
Historical Preservation - Clarksburg Church					
Municipal Alliance on Alcoholism and Drug Abuse:					
2007 Grant	5,235.41			5,235.41	
2008 Grant	6,171.26			6,171.26	
2009 Grant	545.79			545.79	
2010 Grant	3,143.00			3,143.00	
2011 Grant	10,068.97	13,465.00	9,647.00	421.97	10,750.00
2012 Grant		7,151.59	2,715.00		25,000.00
NJ DEP West Trail	25,000.00				
Recycling Tonnage Grant		7,151.59	7,151.59		
	<u>\$ 65,085.40</u>	<u>\$ 63,002.71</u>	<u>\$ 55,899.71</u>	<u>\$ 20,190.56</u>	<u>\$ 51,997.84</u>
Receipts			\$ 19,116.66		
Interfund - Current Fund			<u>36,783.05</u>		
			<u>\$ 55,899.71</u>		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-22

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

Grant	Balance Dec. 31, 2011	2012 Budget Appropriations	Reserve for Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2012
	\$	\$	\$	\$	\$	\$
Alcohol Education/Rehabilitation Program	386.73					386.73
Alcohol Education/Rehabilitation Program	107.87					107.87
Clean Communities Program	10,236.79			3,981.55		6,255.24
Clean Communities Program	29,637.77			14,699.03		14,938.74
Clean Communities Program		30,386.12		30,068.05		318.07
Community Development Block Grant - Brandywine Park Improvements	44,962.67					44,962.67
Green Communities	109.78					109.78
2006 Gypsy Moth Aerial Suppression Program	2,415.67					2,415.67
Historical Preservation - Clarksburg Church Grant Portion	5,275.00					5,275.00
Matching Portion	5,275.00					5,275.00
Historical Preservation - Clarksburg Church Grant Portion		6,000.00				6,000.00
Matching Portion		6,000.00				6,000.00
Municipal Alliance on Alcoholism and Drug Abuse 2007 Grant	3,419.49				3,419.49	
2008 Grant	6,171.26				6,171.26	
2009 Grant	545.79				545.79	
2010 Grant	3,143.00				3,143.00	
2011 Grant	421.97				421.97	
Grant Portion			3,658.07	3,658.07		
2012 Grant						1,003.92
Grant Portion		13,465.00		12,461.08		
Matching Portion		2,835.94		2,835.94		
New Jersey Transportation Trust Fund - Millstone Road 2003	12,343.43					12,343.43
2006	57,188.97					57,188.97
2007	61,947.50					60,777.50
NJ DEP - West Trail Project	11,699.51			1,170.00		11,699.51
Police O.E.M. Grant	2,405.72				2,405.72	
Recycling Tonnage Grant: 2011 Grant	3,543.60					5,784.85
2012 Grant		7,151.59		1,968.45		5,183.14

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-22

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

Grant	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriations</u>	<u>Reserve for Encumbrances</u>	<u>Paid or Charged</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
Cablevision Technology Grant:						
2010 Grant	\$ 4,008.00	\$	\$	\$	\$	\$ 4,008.00
2010 Grant (Year 2)	1,428.00					1,428.00
NJ Environmental Commission	5,000.00					5,000.00
	<u>\$ 271,673.52</u>	<u>\$ 65,838.65</u>	<u>\$ 5,899.32</u>	<u>\$ 76,627.02</u>	<u>\$ 16,107.23</u>	<u>\$ 250,677.24</u>
Reserve for Encumbrances				\$ 7,650.77		
Disbursements				25,749.90		
Interfund - Current Fund				43,226.35		
				<u>\$ 76,627.02</u>		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2011	\$ 2,686.31	\$ 3,682,821.92
Increased by Receipts:		
Due State of New Jersey	\$ 1,341.60	
Animal License Fees	7,237.20	
Miscellaneous Reserves	<u>8,578.80</u>	<u>2,719,840.94</u>
	<u>11,265.11</u>	<u>6,402,662.86</u>
Decreased by Disbursements:		
Due State of New Jersey	1,323.60	
Animal Control Fund Expenditures	9,812.73	
Miscellaneous Reserves	<u>11,136.33</u>	<u>3,345,619.28</u>
Balance December 31, 2012	\$ <u>128.78</u>	\$ <u>3,057,043.58</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2011		\$	1.20
Increased by:			
2012 Animal License Fees			<u>1,341.60</u>
			1,342.80
Decreased by:			
Fees Paid to State			<u>1,323.60</u>
Balance December 31, 2012		\$	<u>19.20</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2011				\$	1,670.11
Increased by:					
Receipts:					
2012 Animal License Fees	\$	6,547.20			
Redemption Fees		375.00			
Late Fees		<u>315.00</u>			
			7,237.20		
Encumbrances			<u>1,015.00</u>		
					<u>8,252.20</u>
					9,922.31
Decreased by:					
Expenditures Under R.S. 4:19-15.11			9,812.73		
Reserve for Encumbrances			<u>5.40</u>		
					<u>9,818.13</u>
Balance December 31, 2012				\$	<u>104.18</u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ <u>7,647.20</u>
2011	<u>6,600.00</u>
	\$ <u>14,247.20</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2011	Increased by Revenues	Decreased by Expenditures	Balance Dec. 31, 2012
Basin Maintenance	\$ 113,296.28	\$ 61,000.00	\$ 6,843.42	\$ 167,452.86
Council of Affordable Housing (C.O.A.H.)	77,870.12	53,926.27	94,748.93	37,047.46
Developers' Escrow Fund	1,202,099.51	788,169.21	1,236,880.22	753,388.50
Municipal Alliance	2,066.12	545.98	176.00	2,436.10
Municipal Open Space	1,536,170.35	992,763.77	1,285,333.95	1,243,600.17
Other Developers' Escrow	208,214.84	103.01	5,059.92	203,257.93
Parking Offenses Adjudication Act	11.00	20.00		31.00
Public Defender	278.50	2,439.53	2,439.00	279.03
Recreation Trust	394,117.26	391,085.02	393,727.20	391,475.08
Redemption of Tax Sale Certificates		195,918.93	195,918.93	
Self Insurance		22,080.23	22,080.23	
Shade Tree	14,440.00			14,440.00
Tax Sale Premiums	82,400.00	249,900.00	147,350.00	184,950.00
Veteran's Memorial	12,133.30	1,613.63	2,985.88	10,761.05
	<u>\$ 3,643,097.28</u>	<u>\$ 2,759,565.58</u>	<u>\$ 3,393,543.68</u>	<u>\$ 3,009,119.18</u>
Receipts		\$ 2,719,840.94		
Disbursements		39,724.64	3,345,619.28	
Reserve for Encumbrances		<u>\$ 2,759,565.58</u>	<u>\$ 3,393,543.68</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2011		\$ 263,719.39
Increased by:		
Township Contributions to Trustee	\$ 14,057.00	
Gain on Contributions	<u>19,571.16</u>	
		<u>33,628.16</u>
		<u>297,347.55</u>
Decreased by:		
Account Charge	775.00	
Distributions	<u>14,706.02</u>	
		<u>15,481.02</u>
Balance December 31, 2012		\$ <u><u>281,866.53</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 645,227.57
Increased by Receipts:		
Grants Receivable	\$ 101,360.45	
Capital Improvement Fund	23,750.00	
Bond Anticipation Note Premium	4,673.99	
Interfund - Current Fund	<u>63,526.85</u>	
		<u>193,311.29</u>
		838,538.86
Decreased by Disbursements:		
Miscellaneous Reserves	25,212.46	
Preliminary Costs	72.50	
Improvement Authorizations	165,988.40	
Excess Cash on Hand to Pay Notes	<u>8,393.55</u>	
		<u>199,666.91</u>
Balance December 31, 2012		\$ <u><u>638,871.95</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

Exhibit C-3

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Grants	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 435,673.75	\$	\$ 4,673.99	\$	\$	\$ 23,750.00	\$	\$ 440,347.74
Capital Improvement Fund	136.08		23,750.00					136.08
Interfund - Current Fund	(63,526.85)		63,526.85					1,613.01
Miscellaneous Reserves	26,825.47				25,212.46			3,073.41
Preliminary Costs Payable	3,145.91				72.50			(349,058.30)
Grants Receivable	(125,418.75)	101,360.45				325,000.00		9,227.50
Reserve for Encumbrances	20,022.03					20,022.03		
Excess Cash on Hand to Pay Notes	8,393.55				8,393.55			
Improvement Authorizations:								
Ordinance								
Number								
01-34	590.00			347.74				242.26
01-43	5,560.00							5,560.00
04-32				8,822.63			8,822.63	
06-13				2,362.39			2,362.39	
06-23	3,773.87			2,778.57			321.52	1,316.82
07-16	83,447.95			11,286.03				72,161.92
08-07	(3,523.20)							(3,523.20)
08-22	35,346.20			25,071.03			250.73	10,525.90
08-29	(14,886.80)			345.00				(15,231.80)
10-21	327.00			3,996.00			3,669.00	21,750.00
10-33	21,750.00					8,500.00	4,595.76	154,566.11
11-03	207,591.36			49,121.01		727.50	343,750.00	281,896.50
12-11				61,126.00				
12-12				732.00			5,000.00	4,268.00
Acquisition of Public Works Vehicles and Equipment								
	\$ 645,227.57	\$ 101,360.45	\$ 91,950.84	\$ 165,988.40	\$ 33,678.51	\$ 377,999.53	\$ 377,999.53	\$ 638,871.95

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF FEDERAL AND STATE GRANTS

AND AID RECEIVABLE

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2012</u>
Grants with Offsetting Reserves:		
Green Acres:		
Acquisition of Land for Open Space	08-05	\$ 228,068.12
Acquisition of Development Easements for Open Space	08-06	13,247.52
Acquisition of Development Easements for Open Space	08-07	2,476.80
Grants without Offsetting Reserves:		
New Jersey Department of Transportation:		
2011 Road Improvement Program	11-03	24,058.30
Brookside Road	12-11	150,000.00
Schoolhouse Road	12-11	<u>175,000.00</u>
		\$ <u>592,850.74</u>

SCHEDULE OF DEFERRED CHARGES TO

FUTURE TAXATION - FUNDED

Exhibit C-5

Balance December 31, 2011		\$ 8,954,017.49
Decreased by:		
2012 Budget Appropriation to Pay Serial		
Bonds and Loans	\$ 487,100.00	
Open Space Budget to Pay Loans	37,775.36	
Forgiveness of Debt	<u>323,000.00</u>	
		<u>847,875.36</u>
Balance December 31, 2012		\$ <u>8,106,142.13</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance	2012	Decreases	Balance	Bond	Unexpended
		Dec. 31, 2011	Authorizations		Dec. 31, 2012	Anticipation Notes	
		\$	\$	\$	\$	\$	\$
01-34	Renovations to the Clarksburg School	1,277,116		47,24	1,229,92	1,229,92	
01-43	Acquisition of Development Rights to the Buono Property	5,419.53		70.38	5,349.15	5,349.15	
06-12	Park Improvements	460,336.99		17,034.48	443,302.51	443,302.51	
06-13	2006 Road Improvement Program	1,172,478.64		31,666.67	1,140,811.97	1,140,811.97	
05-30,06-14	Acquisition of Property and Road Reconfiguration	177,122.48		6,551.72	170,570.76	170,570.76	
06-21	Brandywine Park Improvements	225,185.18		31,667.17	193,518.01	193,518.01	
06-22	Acquisition of Public Works Vehicles	91,364.47		4,284.79	87,079.68	87,079.68	
06-23	Various Improvements	950,000.00		24,359.55	925,640.45	925,640.45	
07-15	2007 Road Improvement Program	190,000.00			190,000.00	190,000.00	
07-16	Park Improvements - Phase II	645,984.00		8,277.72	637,706.28	637,706.28	
08-04	Acquisition of Development Easements	3,356,445.64		49,156.11	3,307,289.53	3,307,289.53	
08-05	Acquisition of Land for Open Space Purposes						
08-06	Acquisition of Development Easements for Open Space Purposes	1,241,131.87		16,363.14	1,224,768.73	1,224,768.73	
08-07	Acquisition of Development Easements for Open Space Purposes	1,614,615.69		20,655.03	1,593,960.66	1,593,960.66	
08-19	2008 Road Improvement Program	315,000.00		8,076.92	306,923.08	306,923.08	
08-20	Acquisition of Public Works Vehicles and Equipment	304,000.00		12,666.67	291,333.33	291,333.33	
08-21	ADA Improvements to Abate Park	95,000.00		3,275.86	91,724.14	91,724.14	
08-22	Site Improvements for Municipal Projects	71,250.00			71,250.00	71,250.00	
08-29	Stormwater Management Projects	275,500.00			275,500.00	275,500.00	
09-16	2009 Road Improvement Program	57,000.00			57,000.00	57,000.00	
10-03	Acquisition of Real Property	337,250.00			337,250.00	337,250.00	
10-21	2010 Road Improvement Program	47,500.00			47,500.00	47,500.00	
10-33	Acquisition of Real Property	413,250.00			413,250.00	413,250.00	
11-03	2011 Road Improvement Program	237,500.00			237,500.00	237,500.00	
12-11	2012 Road Improvement Program		356,250.00		356,250.00	356,250.00	
12-12	Acquisition of Public Works Vehicles and Equipment		95,000.00		95,000.00	95,000.00	
		\$ 12,284,611.65	\$ 451,250.00	\$ 234,153.45	\$ 12,501,708.20	\$ 11,358,185.00	\$ 1,124,768.20
	Improvement Authorizations - Unfunded						
	Less: Unexpended Proceeds of Bond Anticipation Notes:						\$ 1,369,000.74

Ordinance Number	Improvement Description	Amount
01-34	Renovations to the Clarksburg School	
01-43	Acquisition of Development Rights to the Buono Property	\$ 242.26
06-23	Various Improvements	5,419.53
07-16	Park Improvements - Phase II	1,316.82
08-22	Site Improvements for Municipal Projects	72,161.92
11-03	2011 Road Improvement Program	10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
		5,419.53
		1,316.82
		72,161.92
		10,525.90
		154,566.11
		\$ 242.26
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		10,525.90
		154,566.11
		\$ 242.26

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011		\$	136.08
Increased by:			
Receipts			
Budget Appropriation	\$	6,250.00	
Appropriation Reserves		<u>17,500.00</u>	
			<u>23,750.00</u>
			<u>23,886.08</u>
Decreased by:			
Appropriations to Finance Improvement			
Authorizations			<u>23,750.00</u>
Balance December 31, 2012		\$	<u><u>136.08</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2011		Capital Improvement Fund	2012 Authorizations		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2012	
				Funded	Unfunded		Deferred Charges to Future Taxation	Grants Receivable			Funded	Unfunded
				\$	\$		\$	\$			\$	\$
01-34	Renovations to the Clarksburg School	9/05/2001	400,000.00	590.00					347.74	140.47	242.26	5,419.53
01-43	Acquisition of Development Rights to the Buono Property	12/19/2001	533,000.00	5,419.53					8,822.63			
04-32	2004 Road Improvements	8/04/2004	1,150,000.00						2,362.39			
06-13	2006 Road Improvements	4/05/2006	1,500,000.00						2,778.57			
06-23	Various Improvements	6/21/2006	105,000.00	3,773.87					11,286.03			1,316.82
07-16	Park Improvements - Phase II	7/18/2007	200,000.00	83,447.95					25,071.03			72,161.92
08-22	Site Improvements for Municipal Projects	7/02/2008	75,000.00	35,346.20					345.00			10,525.90
08-29	Stormwater Management Projects	11/05/2008	290,000.00	260,613.20					3,669.00			260,268.20
10-21	2010 Road Improvement Program	10/06/2010	50,000.00	327.00						21,750.00		413,250.00
10-33	Acquisition of Real Property	12/15/2010	435,000.00	413,250.00					57,621.01			154,566.11
11-03	2011 Road Improvement Program	4/06/2011	550,000.00	207,591.36	18,750.00	325,000.00			61,853.50	281,896.50		356,250.00
12-11	2012 Road Improvement Program	7/18/2012	700,000.00		5,000.00				732.00	4,268.00		95,000.00
12-12	Acquisition of Public Works Vehicles and Equipment	7/18/2012	100,000.00									
					\$ 21,890.47	\$ 1,010,359.11	\$ 23,750.00	\$ 325,000.00	\$ 20,022.03	\$ 175,215.90	\$ 308,054.97	\$ 1,369,000.74

Reserve for Encumbrances
Disbursements

\$ 9,227.50
165,988.40
\$ 175,215.90

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF PRELIMINARY COSTS PAYABLE

Balance December 31, 2011	\$ 3,145.91
Decreased by:	
Disbursements	<u>72.50</u>
Balance December 31, 2012	<u>\$ 3,073.41</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Decreases	Balance Dec. 31, 2012
						\$	\$	\$
01-34	Renovations to the Clarksburg School	10/04/2007	9/25/2012	9/24/2013	1.25%	1,277.16	47.24	1,229.92
01-43	Acquisition of Development Rights to the Buono Property	10/04/2007	9/25/2012	9/24/2013	1.25%	5,419.53	70.38	5,349.15
06-12	Park Improvements	10/04/2007	9/25/2012	9/24/2013	1.25%	460,518.43	17,215.92	443,302.51
06-13	2006 Road Improvement Program	10/04/2007	9/25/2012	9/24/2013	1.25%	1,172,478.64	31,666.67	1,140,811.97
05-30,06-14	Acquisition of Property and Road Reconfiguration	10/04/2007				8,212.11	8,212.11	
06-21	Brandywine Park Improvements	10/04/2007	9/25/2012	9/24/2013	1.25%	177,122.48	6,551.72	170,570.76
06-22	Acquisition of Public Works Vehicles	10/04/2007	9/25/2012	9/24/2013	1.25%	225,185.18	31,667.17	193,518.01
06-23	Various Improvements	10/04/2007	9/25/2012	9/24/2013	1.25%	91,364.47	4,284.79	87,079.68
07-15	2007 Road Improvement Program	3/05/2009	2/27/2012	2/26/2013	1.25%	950,000.00	24,359.55	925,640.45
07-16	Park Improvements - Phase II	9/27/2011	9/25/2012	9/24/2013	1.25%	190,000.00		190,000.00
08-04	Acquisition of Development Easements	5/13/2008	3/13/2012	3/13/2013	1.00%	645,984.00	8,277.72	637,706.28
08-05	Acquisition of Land for Open Space	5/13/2008	3/13/2012	3/13/2013	1.00%	3,356,445.64	49,156.11	3,307,289.53
08-06	Acquisition of Development Easements for Open Space Purposes	5/13/2008	3/13/2012	3/13/2013	1.00%	1,241,131.87	16,363.14	1,224,768.73
08-07	Acquisition of Development Easements for Open Space Purposes	5/13/2008	3/13/2012	3/13/2013	1.00%	1,611,092.49	20,655.03	1,590,437.46
08-19	2008 Road Improvement Program	3/05/2009	2/27/2012	2/26/2013	1.25%	315,000.00	8,076.92	306,923.08
08-20	Acquisition of Public Works Vehicles and Equipment	3/05/2009	2/27/2012	2/26/2013	1.25%	304,000.00	12,666.67	291,333.33
08-21	ADA Improvements to Abate Park	3/05/2009	2/27/2012	2/26/2013	1.25%	95,000.00	3,275.86	91,724.14
08-22	Site Improvements to Municipal Projects	9/27/2011	9/25/2012	9/24/2013	1.25%	71,250.00		71,250.00
09-16	2009 Road Program	9/27/2011	9/25/2012	9/24/2013	1.25%	57,000.00		57,000.00
10-03	Acquisition of Real Property	9/27/2011	9/25/2012	9/24/2013	1.25%	337,250.00		337,250.00
10-21	2010 Road Improvement Program	9/27/2011	9/25/2012	9/24/2013	1.25%	47,500.00		47,500.00
11-03	2011 Road Improvement Program	9/27/2011	9/25/2012	9/24/2013	1.25%	237,500.00		237,500.00
						\$ 11,600,732.00	\$ 242,547.00	\$ 11,358,185.00
	Budget Appropriations						\$ 139,701.45	
	Open Space Trust						94,452.00	
							234,153.45	
	Cash on Hand						8,393.55	
							\$ 242,547.00	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-11

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Outstanding Date	Dec. 31, 2012	Amount				
General Improvements	12/01/2005	\$ 10,670,000.00	12/01/2013	\$ 455,000.00	5,000%	\$ 8,312,000.00	\$ 6,877,000.00	\$ 1,435,000.00	
			12/01/2014	478,000.00	5,000%				
			12/01/2015	502,000.00	5,000%				
							\$ 434,000.00		
							6,120,000.00		
							<u>323,000.00</u>		
							\$ 6,877,000.00		

Paid by Budget Appropriation
 Paid by Refunding Bond Issued
 Forgiveness of Debt

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF REFUNDING BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Issued	Balance Dec. 31, 2012
			Outstanding Date	Amount			
General Improvements	5/22/2012	\$ 6,120,000.00	12/31/2016	\$ 505,000.00	4.000%		
			12/31/2017	525,000.00	4.000%		
			12/31/2018	545,000.00	4.000%		
			12/31/2019	570,000.00	4.000%		
			12/31/2020	595,000.00	4.000%		
			12/31/2021	615,000.00	4.000%		
			12/31/2022	640,000.00	5.000%		
			12/31/2023	675,000.00	5.000%		
			12/31/2024	710,000.00	5.000%		
			12/31/2025	740,000.00	5.000%		
						\$ 6,120,000.00	\$ 6,120,000.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PAYABLE

Exhibit C-13

Sheet 1 of 2

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid by Open Space Trust Budget</u>	<u>Balance Dec. 31, 2012</u>
Purchase of Development Rights - Top Step Farm	12/02/1998	\$ 694,814.25	See Sheet 2	2.00%	\$ 280,917.49	\$ 37,775.36	\$ 243,142.13

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 2

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>
28	3/02/2013	\$ 19,171.46	\$ 2,431.42
29	9/02/2013	19,363.18	2,239.71
30	3/02/2014	19,556.81	2,046.07
31	9/02/2014	19,752.38	1,850.51
32	3/02/2015	19,949.90	1,652.98
33	9/02/2015	20,149.40	1,453.48
34	3/02/2016	20,350.89	1,251.99
35	9/02/2016	20,554.40	1,048.48
36	3/02/2017	20,759.95	842.94
37	9/02/2017	20,967.55	635.34
38	3/02/2018	21,177.22	425.66
39	9/02/2018	21,388.99	213.89
		<u>\$ 243,142.13</u>	<u>\$ 16,092.47</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-14

GENERAL CAPITAL FUND

SCHEDULE OF LEASE REVENUE BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2012</u>
			<u>Outstanding Date</u>	<u>Amount</u>				
General Improvements	10/04/2007	\$ 551,000.00	9/01/2013	\$ 55,700.00	5.00%			
			9/01/2014	58,500.00	5.00%			
			9/01/2015	61,500.00	5.00%			
			9/01/2016	64,500.00	5.00%			
			9/01/2017	67,800.00	5.00%	\$ 361,100.00	\$ 53,100.00	\$ 308,000.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-15

SCHEDULE OF MISCELLANEOUS RESERVES

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
Recreation Improvements - 2007	\$ 13,030.46	\$ 13,030.46	\$
D.O.C. Imaging System - 2007	13,795.01	12,182.00	1,613.01
	<u>\$ 26,825.47</u>	<u>\$ 25,212.46</u>	<u>\$ 1,613.01</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-16

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>
08-07	Acquisition of Development Easements for Open Space Purposes	\$ 3,523.20
08-29	Stormwater Management Projects	275,500.00
10-33	Acquisition of Real Property	413,250.00
12-11	2012 Road Improvement Program	356,250.00
12-12	Acquisition of Public Works Vehicles and Equipment	<u>95,000.00</u>
		<u>\$ 1,143,523.20</u>

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Millstone
County of Monmouth
Millstone, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – regulatory basis of the Township of Millstone, (the "Township"), in the County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Township's financial statements, and have issued our report thereon dated June 3, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance 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.

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

Internal Control Over Financial Reporting (Continued)

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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the Township in a separate letter dated June 3, 2013.

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

William E. Antonides and Company

Independent Auditors

Wall Township, New Jersey
June 3, 2013

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

An audit of the financial accounts and transactions of the Township of Millstone, in the County of Monmouth, for the year ended December 31, 2012, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer, Treasurer, Tax Collector, the activities of the Mayor and Township Committee, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statement of Revenues and Schedule of Revenue Accounts Receivable are presented as recorded in the Township records.

GENERAL COMMENTS

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law". The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Township's bid threshold was \$17,500 January 1, 2012 to October 2, 2012 and \$36,000 for the remainder of the year under audit.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

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

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a (Continued)

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes

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

The governing body on January 4, 2012 adopted a resolution authorizing interest to be charged on delinquent taxes at the rate of eight percent (8%) per annum on all delinquent taxes for the first \$1,500 of delinquency, and eighteen percent (18%) per annum, for amounts over \$1,500 and said interest may be waived for ten (10) day grace period after they become due.

A resolution adopted by the governing body on January 4, 2012, authorized the charging of penalty of six percent (6%) to any property with a tax delinquency in excess of \$10,000 at year-end.

It appears from an examination of the collector's records that interest was generally collected in accordance with the foregoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 11, 2012 and was complete.

Inspection of tax sale certificates on file revealed that all certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2012	17
2011	19
2010	18

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

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

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards procedures should include a review of all prior year findings. Finding 11-01 regarding the encumbrance accounting system was addressed in 2012.

FINDINGS/RECOMMENDATIONS

None.

ACKNOWLEDGEMENT

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

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

Should any questions arise as to our comments please contact us at your earliest opportunity.
