

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

REPORT OF AUDIT

DECEMBER 31, 2010

WILLIAM E. ANTONIDES AND COMPANY
Certified Public Accountants

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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, 2010

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Millstone (the "Township"), as of December 31, 2010 and 2009, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Township have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Township's financial statements. However, the LOSAP financial activities are included in the Township's Trust Funds, and represent 5.8% and 4.4% of the assets and liabilities as of December 31, 2010 and 2009, respectively, of the Township's Trust Funds.

As described more fully in Note 1, the Township prepares its financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, 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 referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Township, as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2011, on our consideration of the Township's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township taken as a whole. The accompanying supplementary schedules, and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

William E. Antonides and Company

Independent Auditors



William E. Antonides

Certified Public Accountant

Registered Municipal Accountant

R.M.A. Number 14

June 15, 2011

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2010 AND 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
<u>Regular Funds</u>			
Cash	A-4	\$ 16,175,290.29	\$ 17,874,580.86
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	1,000.00	1,750.00
Receivables with Full Reserves:			
Delinquent Taxes Receivable	A-6	622,422.18	493,046.48
Tax Title Liens Receivable	A-8	199,625.59	174,269.87
Property Acquired for Taxes at Assessed Value	A-9	147,700.00	147,700.00
Revenue Accounts Receivable	A-10	10,482.32	6,677.73
Interfunds:			
General Capital Fund	A-17	185.45	
Animal Control Trust Fund	A-17		9.00
		<u>980,415.54</u>	<u>821,703.08</u>
		<u>17,156,705.83</u>	<u>18,698,033.94</u>
<u>Grant Fund</u>			
Cash	A-4	187,258.55	6,524.29
Grants Receivable	A-24	205,833.43	264,036.14
		<u>393,091.98</u>	<u>270,560.43</u>
		<u>\$ 17,549,797.81</u>	<u>\$ 18,968,594.37</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, 2010 AND 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Spending Reserves:			
Appropriation Reserves	A-3,11	\$ 95,193.29	\$ 163,291.24
Reserve for Encumbrances	A-3,11	101,180.66	102,579.23
Accounts Payable	A-21		6,007.89
Other Payables and Liabilities:			
County Taxes Payable	A-13	21,288.56	31,656.90
Local District School Tax Payable	A-14	13,364,133.50	14,251,362.00
Tax Overpayments	A-18	46,260.76	32,378.79
Prepaid Taxes	A-19	242,328.36	197,062.12
Due State for Construction Code Fees	A-20	7,465.00	7,647.00
		<u>13,877,850.13</u>	<u>14,791,985.17</u>
Reserve for Receivables		980,415.54	821,703.08
Fund Balance	A-1	2,298,440.16	3,084,345.69
		<u>17,156,705.83</u>	<u>18,698,033.94</u>
<u>Grant Fund</u>			
Reserve for Encumbrances	A-22	13,212.00	12,534.10
Appropriated Reserves	A-25	379,879.98	258,026.33
		<u>393,091.98</u>	<u>270,560.43</u>
		<u>\$ 17,549,797.81</u>	<u>\$ 18,968,594.37</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

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 2,310,000.00	\$ 2,668,000.00
Miscellaneous Revenue Anticipated	A-2	1,897,713.43	2,155,583.58
Receipts from Delinquent Taxes	A-2	473,478.54	579,798.20
Receipts from Current Taxes	A-2	37,922,143.45	37,306,984.71
Non-Budget Revenues	A-2	112,122.27	340,725.45
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	129,126.64	390,590.62
Interfunds Liquidated		9.00	
Tax Overpayments Cancelled		1.68	
Accounts Payable Cancelled	A-21	6,007.89	200.00
Total Income		<u>42,850,602.90</u>	<u>43,441,882.56</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		1,718,400.00	1,930,400.00
Other Expenses		2,235,568.37	2,396,646.89
Capital Improvements		142,500.00	193,000.00
Deferred Charges and Statutory Expenditures		266,784.32	163,433.43
Municipal Debt Service		1,047,943.39	949,410.58
	A-3	<u>5,411,196.08</u>	<u>5,632,890.90</u>
County Taxes	A-6	5,675,269.93	5,558,930.55
Due County for Added and Omitted Taxes	A-6	21,288.56	31,656.90
Local School District Tax	A-6	28,728,267.00	28,502,724.00
Fire District Tax	A-6	1,425,685.00	1,346,489.00
Open Space Tax	A-6	1,064,616.41	845,628.49
Interfund Advances	A-17	185.45	
Refund Prior Year Revenue	A-4		10,725.00
Total Expenditures		<u>42,326,508.43</u>	<u>41,929,044.84</u>
Excess in Revenue		524,094.47	1,512,837.72
Fund Balance January 1	A	3,084,345.69	4,239,507.97
		<u>3,608,440.16</u>	<u>5,752,345.69</u>
Increased by:			
Increase in Deferred Local School District Tax		1,000,000.00	
		<u>4,608,440.16</u>	<u>5,752,345.69</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	2,310,000.00	2,668,000.00
Fund Balance December 31	A	<u>\$ 2,298,440.16</u>	<u>\$ 3,084,345.69</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 2

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	A-1	\$ 2,310,000.00	\$ 2,310,000.00	\$ _____
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	A-10	6,000.00	6,000.00	
Fees and Permits				
Construction Code Official	A-10	218,000.00	261,369.00	43,369.00
Other	A-2	29,000.00	31,442.20	2,442.20
Fines and Costs				
Municipal Court	A-10	107,000.00	115,355.98	8,355.98
Interest and Costs on Taxes	A-5	113,000.00	105,680.83	(7,319.17)
Interest on Investments and Deposits	A-10	301,000.00	293,780.67	(7,219.33)
Energy Receipts Taxes	A-10	821,546.00	821,546.00	
Garden State Trust	A-10	30,310.00	20,207.00	(10,103.00)
Borough of Roosevelt Court	A-10	6,000.00	6,000.00	
Cable Franchise Fees	A-10	26,981.00	26,981.00	
Verizon Franchise Fees	A-10	19,031.61	19,031.61	
NJDOT Millstone Road	A-24	140,000.00	140,000.00	
Alcohol Education and Rehabilitation Fund	A-24	201.09	201.09	
Clean Communities Program	A-24	29,653.05	29,653.05	
Municipal Alliance on Alcoholism and Drug Abuse	A-24	13,465.00	13,465.00	
Business Stimulus Fund Grant	A-24	7,000.00	7,000.00	
Total Miscellaneous Revenues	A-1	<u>1,868,187.75</u>	<u>1,897,713.43</u>	<u>29,525.68</u>
Receipts from Delinquent Taxes	A-1,2	<u>525,000.00</u>	<u>473,478.54</u>	<u>(51,521.46)</u>
Amount to be Raised by Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	<u>1,530,510.72</u>	<u>1,829,513.28</u>	<u>299,002.56</u>
Budget Totals		<u>6,233,698.47</u>	<u>6,510,705.25</u>	<u>277,006.78</u>
Non-Budget Revenues	A-1,2	<u>_____</u>	<u>111,936.82</u>	<u>111,936.82</u>
Budget Totals		<u>\$ 6,233,698.47</u>	<u>\$ 6,622,642.07</u>	<u>\$ 388,943.60</u>
	Ref.	A-3		

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 2

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collection</u>		
Revenue from Collections	A-1,6	\$ 37,922,143.45
Allocated to School, County and Special District Taxes	A-12-16	36,915,126.90
		<u>1,007,016.55</u>
Increased by:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>822,496.73</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 1,829,513.28</u>
<u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-6	\$ 468,391.00
Tax Title Liens	A-8	<u>5,087.54</u>
Delinquent Tax Collections	A-2	<u>\$ 473,478.54</u>
<u>Fees and Permits - Other</u>		
Township Clerk	A-10	\$ 18,211.20
Registrar	A-10	1,031.00
Planning Board	A-10	<u>12,200.00</u>
	A-2	<u>\$ 31,442.20</u>
<u>Analysis of Non-Budget Revenue</u>		
<u>Miscellaneous Revenue not Anticipated</u>		
Vendor Refunds and Others		\$ 1,225.64
Premium on Bond Anticipation Note		58,080.65
Cancelled Funded Improvement Authorization		16,409.64
Administrative Fee - Senior Citizen and Veterans		1,267.40
Penalties		8,544.69
Developers Interest and Escrow Close Outs		8,803.73
Tax Searches		70.00
2009 Borough of Roosevelt Municipal Court Services		6,000.00
Discovery Fee		912.15
Grass Cutting		4,275.80
Sale of Scrap Metal		1,305.60
Court Feasibility		945.00
Returned Check Fee		425.00
Other		<u>3,856.97</u>
	A-2	<u>\$ 112,122.27</u>
Cash Received	A-4	\$ 95,712.63
Interfund	A-17	<u>16,409.64</u>
	A-2	<u>\$ 112,122.27</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 7

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government Functions</u>						
General Administration	\$ 159,500.00	\$ 142,500.00	\$ 142,500.00	\$ 386.60	\$	
Salaries and Wages	80,000.00	66,500.00	64,746.79	1,753.21		
Other Expenses - Miscellaneous						
Mayor and Township Committee	36,000.00	36,000.00	35,769.00	231.00		
Salaries and Wages	850.00	850.00	744.47	105.53		
Other Expenses						
Municipal Clerk						
Salaries and Wages	122,000.00	126,000.00	124,898.34	1,101.66		
Other Expenses	15,000.00	13,000.00	12,944.01	55.99		
Financial Administration						
Salaries and Wages	117,000.00	117,000.00	115,785.56	1,214.44		
Other Expenses	12,000.00	12,750.00	12,747.09	2.91		
Audit Services						
Other Expenses	36,500.00	36,500.00	36,500.00			
Revenue Administration (Tax Collection)						
Salaries and Wages	61,000.00	61,000.00	59,611.47	1,388.53		
Other Expenses	10,000.00	10,000.00	9,756.94	243.06		
Tax Assessment Administration						
Salaries and Wages	96,000.00	125,700.00	125,691.30	8.70		
Other Expenses	14,000.00	11,000.00	10,793.66	206.34		
Legal Services and Costs						
Other Expenses	110,000.00	142,000.00	139,962.53	2,037.47		
Engineering Services and Costs						
Other Expenses	75,000.00	86,000.00	85,987.00	13.00		
Historical Preservation Committee						
Other Expenses	500.00	500.00	271.68	228.32		
Veterans Memorial Committee						
Other Expenses	1,800.00	1,800.00	1,458.89	341.11		

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 2 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Land Use Administration</u>					
Agricultural	\$ 5,830.00	\$ 1,830.00	\$ 1,209.74	\$ 620.26	\$
Other Expenses					
Planning Board	33,000.00	33,000.00	32,436.70	563.30	
Salaries and Wages	10,000.00	10,000.00	8,674.57	1,325.43	
Other Expenses					
Zoning Board of Adjustment	33,000.00	33,000.00	32,986.70	13.30	
Salaries and Wages	7,000.00	7,000.00	6,413.40	586.60	
Other Expenses					
Open Space Farmland Preservation Council	50,000.00	46,000.00	45,997.33	2.67	
Salaries and Wages	4,000.00	2,000.00	1,757.36	242.64	
Other Expenses					
<u>Insurance</u>					
Liability Insurance	93,669.00	93,669.00	93,669.00		
Workers' Compensation Insurance	63,460.00	63,460.00	63,460.00		
Employee Group Insurance	535,000.00	510,000.00	481,790.40	28,209.60	
Unemployment Insurance	15,000.00	13,000.00	12,025.65	974.35	
<u>Public Safety Functions</u>					
School Crossing Guards	6,200.00	6,200.00	6,151.26	48.74	
Salaries and Wages					
Municipal Court	148,500.00	143,500.00	142,470.70	1,029.30	
Salaries and Wages	30,000.00	22,000.00	21,701.91	298.09	
Other Expenses					
Office of Emergency Management	7,500.00	2,500.00	2,369.47	130.53	
Other Expenses					
Aid to Volunteer Ambulance Companies	35,000.00	35,000.00	35,000.00		
Contribution	6,000.00	6,000.00	6,000.00		
Other Expenses					
Public Defender (P.L. 1997, C. 256)	5,000.00	5,000.00			5,000.00
Other Expenses					

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 3 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		Budget After Modification	<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Prosecutor	\$ 28,000.00	\$ 28,000.00	\$ 27,980.00	\$ 20.00	\$	
Salaries and Wages	477,000.00	442,000.00	439,846.03	2,153.97		
<u>Public Works Functions</u>	195,000.00	271,000.00	261,903.41	9,096.59		
Streets and Road Maintenance						
Salaries and Wages						
Other Expenses						
Shade Tree Commission						
Other Expenses	3,100.00	3,100.00	3,100.00			
Solid Waste Collection						
Salaries and Wages	27,000.00	28,000.00	27,961.38	38.62		
Other Expenses	94,000.00	89,650.00	88,400.45	1,249.55		
Buildings and Grounds						
Other Expenses	95,000.00	100,000.00	98,672.12	1,327.88		
Vehicle Maintenance						
Other Expenses	55,000.00	53,000.00	51,306.34	1,693.66		
<u>Health and Human Services</u>						
Senior Transportation						
Other Expenses	11,000.00	10,000.00	9,805.00	195.00		
Environmental Commission (N.J.S.A. 40:56A-1 et. seq.)						
Salaries and Wages	4,000.00	4,000.00	3,850.50	149.50		
Other Expenses	3,000.00	2,000.00	1,872.85	127.15		
Animal Control						
Other Expenses	500.00	500.00	129.00	371.00		
Recreation Commission						
Salaries and Wages	74,000.00	73,000.00	72,191.11	808.89		
Other Expenses	17,000.00	12,000.00	11,995.66	4.34		
Maintenance of Parks						
Other Expenses	10,000.00	6,000.00	5,816.92	183.08		
Education Function						
Contribution to Municipal Library	3,000.00	3,000.00	3,000.00			

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 4 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Other Common Operating Functions</u>						
Celebration of Public Events						
Other Expenses	\$ 1,500.00	\$ 1,100.00	\$ 587.73	\$ 512.27	\$	
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>						
Construction Official						
Salaries and Wages	278,000.00	280,300.00	280,253.97	46.03		
Other Expenses	10,000.00	10,000.00	9,957.91	42.09		
Other Code Enforcement Functions						
Salaries and Wages	49,000.00	49,000.00	48,997.32	2.68		
Other Expenses	6,000.00	5,500.00	4,927.33	572.67		
<u>Unclassified</u>						
Utility Expenses:						
Electricity	68,000.00	68,000.00	67,783.18	216.82		
Street Lighting	115,000.00	115,000.00	113,386.17	1,613.83		
Telephone	42,000.00	42,000.00	40,224.44	1,775.56		
Gas (Natural or Propane)	30,000.00	28,000.00	27,940.56	59.44		
Gasoline	45,000.00	45,000.00	44,803.12	196.88		
Landfill/Solid Waste Disposal Costs						
Other Expenses	25,000.00	25,000.00	24,253.43	746.57		
Total Operations within Caps	3,801,409.00	3,816,409.00	3,744,842.25	71,566.75		
Detail:						
Salaries and Wages	1,738,200.00	1,713,200.00	1,704,575.37	8,624.63		
Other Expenses	2,063,209.00	2,103,209.00	2,040,266.88	62,942.12		

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 5 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
\$	296.00	\$ 296.00	\$ 296.00	\$	\$
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS</u>					
<u>Deferred Charges</u>					
Prior Years Bills:					
Fire Securities Tech					
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employees Retirement System	120,838.32	120,838.32	120,838.32		
DCRP	650.00	650.00	640.08	9.92	
Social Security System (O.A.S.I.)	160,000.00	145,000.00	143,807.65	1,192.35	
Total Deferred Charges and Statutory Expenditures within Caps	281,784.32	266,784.32	265,582.05	1,202.27	
Total General Appropriations for Municipal Purposes within Caps	4,083,193.32	4,083,193.32	4,010,424.30	72,769.02	

OPERATIONS EXCLUDED FROM CAPS

Contribution to:					
Public Employees' Retirement System	11,931.68	11,931.68	11,931.68		
County of Monmouth - 911 Service					
Other Expense	19,808.30	19,808.30	18,058.30	1,750.00	
Length of Service Awards Program (LOSAP)					
Other Expenses	20,656.00	20,656.00	20,656.00		
Interlocal Municipal Service Agreements:					
Animal Control Services					
Other Expenses	13,500.00	13,500.00	4,105.00	9,395.00	
Municipal Court					
Salaries and Wages	5,200.00	5,200.00	5,200.00		
Other Expenses	800.00	800.00	800.00		

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 6 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>Public and Private Programs Offset by Revenues</u>					
Local Matching Funds for Grants	\$ 10,000.00	\$ 10,000.00	\$	\$ 10,000.00	\$
Municipal Alliance Grant					
State Share	13,465.00	13,465.00	13,465.00		
Local Share	3,366.25	3,366.25	2,086.98	1,279.27	
Clean Communities					
Other Expenses	29,653.05	29,653.05	29,653.05		
Supplemental Fire Services Program					
Fire District Payment	1,978.00	1,978.00	1,978.00		
N.J. Commission of Forestry	7,000.00	7,000.00	7,000.00		
Alcohol Education and Rehabilitation Grant	201.09	201.09	201.09		
Total Public and Private Programs Offset by Revenues	<u>65,663.39</u>	<u>65,663.39</u>	<u>54,384.12</u>	<u>11,279.27</u>	
Total Operations excluded from Caps	<u>137,559.37</u>	<u>137,559.37</u>	<u>115,135.10</u>	<u>22,424.27</u>	
Detail:					
Salaries and Wages					
Other Expenses	<u>137,559.37</u>	<u>137,559.37</u>	<u>115,135.10</u>	<u>22,424.27</u>	

CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS

Capital Improvement Fund	2,500.00	2,500.00	2,500.00		
Public and Private Programs Offset by Revenues					
NJ Transportation Trust Fund Authority Act					
Conover Road	140,000.00	140,000.00	140,000.00		
Total Capital Improvements Excluded from Caps	<u>142,500.00</u>	<u>142,500.00</u>	<u>142,500.00</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 7 of 7

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Paid or Charged	Reserved	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	\$ 397,000.00	\$ 397,000.00	\$ 397,000.00	\$	\$	
Payment of Bond Anticipation Notes	91,507.41	91,507.41	91,507.40			.01
Interest on Bonds	412,648.76	412,648.76	412,648.76			
Interest on Notes	75,684.88	75,684.88	75,684.87			.01
Capital Lease Obligations						
Principal	48,600.00	48,600.00	48,600.00			
Interest	22,508.00	22,508.00	22,502.36			5.64
Total Municipal Debt Service excluded from Caps	<u>1,047,949.05</u>	<u>1,047,949.05</u>	<u>1,047,943.39</u>			<u>5.66</u>
Total General Appropriations for Municipal Purposes excluded from Caps	<u>1,328,008.42</u>	<u>1,328,008.42</u>	<u>1,305,578.49</u>	<u>22,424.27</u>		<u>5.66</u>
Subtotal General Appropriations	5,411,201.74	5,411,201.74	5,316,002.79	95,193.29		5.66
Reserve for Uncollected Taxes	<u>822,496.73</u>	<u>822,496.73</u>	<u>822,496.73</u>			
Total General Appropriations	<u>\$ 6,233,698.47</u>	<u>\$ 6,233,698.47</u>	<u>\$ 6,138,499.52</u>	<u>\$ 95,193.29</u>	<u>\$</u>	<u>5.66</u>
	<u>Ref.</u>	<u>A-1,2</u>		<u>A</u>		<u>A-1</u>
Disbursements	A-4		\$ 5,024,502.99			
Reserve for:	A					
Encumbrances	A-2		101,180.66			
Uncollected Taxes	A-23		822,496.73			
Interfund - Grant Fund	A-3		190,319.14			
			<u>\$ 6,138,499.52</u>			

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2010 AND 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>7,216.66</u>	\$ <u>13,445.60</u>
<u>Trust-Other</u>			
Cash:			
Treasurer	B-1	3,875,470.24	4,340,413.36
Collector	B-1	50.00	
Cash Held by Trustee	B-12	<u>238,326.90</u>	<u>201,719.60</u>
		<u>4,113,847.14</u>	<u>4,542,132.96</u>
		\$ <u><u>4,121,063.80</u></u>	\$ <u><u>4,555,578.56</u></u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Interfund - Current Fund	B-2	\$	\$ 9.00
Due State of New Jersey Registration Fees	B-4	15.00	3.60
Reserve for Animal Control Trust Fund Expenditures	B-5	<u>7,201.66</u>	<u>13,433.00</u>
		<u>7,216.66</u>	<u>13,445.60</u>
<u>Trust-Other</u>			
Developer's Security Deposits - Escrow	B-6	1,500,003.90	1,566,107.09
Reserve for:			
Redemption of Tax Sale Certificates	B-7	50.00	
Drug Program	B-8	1,938.12	1,528.12
Tax Sale Premium	B-9	151,700.00	194,500.00
Other Reserves	B-10	2,221,828.22	2,578,278.15
Length of Service Awards Program	B-11	<u>238,326.90</u>	<u>201,719.60</u>
		<u>4,113,847.14</u>	<u>4,542,132.96</u>
		\$ <u><u>4,121,063.80</u></u>	\$ <u><u>4,555,578.56</u></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, 2010 AND 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Cash	C-2	\$ 772,659.36	\$ 702,152.75
Deferred Charges to Future Taxation:			
Funded	C-4	9,455,048.52	9,936,949.89
Unfunded	C-5	11,981,350.94	11,332,859.00
State Grants Receivable	C-2	243,792.44	743,792.44
		<u>\$ 22,452,851.26</u>	<u>\$ 22,715,754.08</u>
<u>Liabilities and Reserves</u>			
Preliminary Costs Payable	C-11	\$ 3,145.91	\$ 3,145.91
Interfunds:			
Current Fund	C-6	185.45	
Capital Improvement Fund	C-7	136.08	136.08
Improvement Authorizations:			
Funded	C-8	47,542.63	62,369.53
Unfunded	C-8	839,031.98	542,017.50
Encumbrances Payable	C-8	55,414.50	25,060.29
Miscellaneous Reserves	C-9	32,290.47	34,510.56
Serial Bonds Payable	C-10	8,725,000.00	9,122,000.00
Green Trust Loan	C-12	317,948.52	354,249.89
Bond Anticipation Notes Payable	C-13	11,353,439.00	11,444,947.00
Lease Revenue Bonds Payable	C-14	412,100.00	460,700.00
Reserve to Pay Bonds	C-2	294,469.82	294,470.42
Fund Balance	C-1	<u>372,146.90</u>	<u>372,146.90</u>
		<u>\$ 22,452,851.26</u>	<u>\$ 22,715,754.08</u>

There were bonds and notes authorized but not issued on December 31, 2010 and 2009 of \$1,395,273.20 and \$622,662.48.

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

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit C-1

Balance December 31, 2010 and 2009 \$ 372,146.90

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
General Fixed Assets:		
Machinery and Equipment	\$ 2,582,972.67	\$ 2,582,972.67
Buildings	2,114,428.35	2,114,428.35
Land	29,299,668.86	27,781,568.49
Development Rights	7,281,471.16	7,281,471.16
Construction in Progress	<u>8,512,277.48</u>	<u>8,510,104.48</u>
	<u>\$ 49,790,818.52</u>	<u>\$ 48,270,545.15</u>
<u>Liabilities</u>		
Investments in General Fixed Assets	<u>\$ 49,790,818.52</u>	<u>\$ 48,270,545.15</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, 2010

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 2010.

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. The status of deferred charges at December 31, 2010 is set forth in Note 9.

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, 2010, if any, 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 in the general fixed assets account group 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 Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system initially based on an inspection and appraisal prepared by an independent firm. Effective in 1993, all subsequent additions have been based upon actual cost and deletions on the recorded basis.

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 2010 the following changes occurred in the fixed assets of the Township. Amounts in the land category include all open space and preservation expenditures since the program was initiated.

	<u>Balance</u> <u>Jan. 1, 2010</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets Account Group:			
Machinery and Equipment	\$ 2,582,974	\$	\$ 2,582,974
Buildings	2,114,428		2,114,428
Land	27,781,568	1,518,100	29,299,668
Development Rights	7,281,471		7,281,471
Construction in Progress	<u>8,510,104</u>	<u>2,173</u>	<u>8,512,277</u>
	<u>\$ 48,270,545</u>	<u>\$ 1,520,273</u>	<u>\$ 49,790,818</u>

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$21,016,761 and the bank balance amount was \$21,054,568. Of this amount \$1,000,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$20,054,568.

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.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a.
 - (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.

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, 2010.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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:

	Bank Balance	
	2010	2009
<u>Depository Account</u>		
Insured:		
FDIC	\$ 1,000,000	\$ 750,000
GUDPA	<u>20,054,568</u>	<u>22,248,007</u>
	\$ <u>21,054,568</u>	\$ <u>22,998,007</u>

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 outstanding long-term debt is summarized as follows:

	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>
<u>1995 Green Trust Loan Program</u>		
Issued December 2, 1998; due through September 2, 2018 - 2%	\$ 317,949	\$ 354,250
<u>General Serial Bonds Issued</u>		
Issued December 1, 2005; due through December 1, 2025 - 4-5%	<u>8,725,000</u>	<u>9,122,000</u>
Total Long-Term Debt	\$ <u>9,042,949</u>	\$ <u>9,476,250</u>

The debt principal and interest requirements for the long-term debt during the next five fiscal years and in five year increments thereafter are as follows:

<u>Calendar Year</u>	<u>General Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 852,975	\$ 450,031	\$ 402,944
2012	853,324	471,775	381,549
2013	852,625	493,535	359,090
2014	852,874	517,309	335,565
2015	852,974	542,099	310,875
2016-20	4,177,065	3,003,200	1,173,865
2021-25	<u>4,050,696</u>	<u>3,565,000</u>	<u>485,696</u>
	\$ <u>12,492,533</u>	\$ <u>9,042,949</u>	\$ <u>3,449,584</u>

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt

At December 31, 2010, the Township's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
01-34	Renovation of Clarksburg School	1.50%	\$ 1,322
01-43	Acquisition of Development Rights - Buono Property	1.50%	5,490
06-12	Park Improvements	1.50%	476,966
06-13	2006 Road Program	1.50%	1,203,333
06-14	Acquisition of Property and Road Configuration	1.50%	8,394
06-21	Brandywine Park Improvements	1.50%	183,448
06-22	Acquisition of Public Works Equipment	1.50%	253,333
06-23	Various Improvements	1.50%	95,465
07-15	2007 Road Program	.87%	950,000
08-04	Acquisition of Development Easement for Open Space	1.50%	653,940
08-05	Acquisition of Land for Open Space	1.50%	3,883,312
08-06	Acquisition of Development Easement for Open Space	1.50%	1,292,688
08-07	Acquisition of Development Easement for Open Space	1.50%	1,631,748
08-19	2008 Road Program	.87%	315,000
08-20	Acquisition of Public Works Vehicles and Equipment	.87%	304,000
08-21	ADA Improvements to Abate Park	.87%	<u>95,000</u>
			\$ <u>11,353,439</u>

C. Bonds and Notes Authorized but not Issued

At December 31, 2010, the Township had authorized but not issued bonds and notes as follows:

	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>
General Capital Fund	\$ 1,395,273	\$ 3,249,662

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, 2010 was 1.06%. The Township's remaining borrowing power is 2.44%.

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 2010 the following changes occurred in outstanding municipal debt of the Township:

	Balance Jan. 1, 2010	Retired	Balance Dec. 31, 2010
General Debt:			
General Serial Bonds	\$ 9,122,000	\$ 397,000	\$ 8,725,000
Bond Anticipation Notes	11,444,947	91,508	11,353,439
Green Trust Loan Program	354,250	36,301	317,949
	<u>\$ 20,921,197</u>	<u>\$ 524,809</u>	<u>\$ 20,396,388</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:

Calendar Year	Principal	Interest
2011	\$ 51,000	\$ 20,095
2012	53,100	18,055
2013	55,700	15,400
2014	58,500	12,615
2015	61,500	9,690
2016-17	<u>132,300</u>	<u>10,005</u>
	<u>\$ 412,100</u>	<u>\$ 85,860</u>

NOTE 5. ACCRUED SICK AND VACATION BENEFITS

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. At December 31, 2010 the Township estimated unused sick day compensation of \$63,465.

NOTE 6. FUND BALANCES APPROPRIATED

The fund balance at December 31, 2010 appropriated and included as anticipated revenue for the year ending December 31, 2011 was as follows:

Current Fund:	
Fund Balance	\$ 1,863,000

NOTE 7. DEFERRED LOCAL DISTRICT SCHOOL TAX

On December 15, 2010 the governing body adopted the following resolution “Hereby approve the adjustment and calculation in the 2010 year ending Current Fund Balance in accordance with and not to exceed the statutory maximums as set forth in Section 13 of P.L. 1991, C. 63 (amended 1994)”. Upon introduction of the 2011 Municipal Budget the amount of Local District School Tax Deferred was determined to be \$1,000,000.

	Local District School Tax	
	Balance December 31	
	<u>2010</u>	<u>2009</u>
Balance of Tax	\$ 14,364,134	\$ 14,251,362
Deferred	<u>1,000,000</u>	<u>-0-</u>
Tax Payable	\$ <u>13,364,134</u>	\$ <u>14,251,362</u>

NOTE 8. TAXES COLLECTED IN ADVANCE

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

	Balance December 31	
	<u>2010</u>	<u>2009</u>
Prepaid Taxes	\$ 242,328	\$ 197,062

NOTE 9. 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 9. 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 10. 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 11. 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, 2010 there were no deferred charges to be raised in succeeding year's budgets.

NOTE 12. 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 13. PENSION PLANS

The Township contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The plan has a Board of Trustees that implements benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

NOTE 13. PENSION PLANS (CONTINUED)

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. The Township's contributions to the plan, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>
2010	\$ 132,770
2009	116,752
2008	92,080

NOTE 14. RISK MANAGEMENT

The Township belongs to the State Health Benefits Fund for health coverage and the State Unemployment Trust Fund for unemployment insurance. The Township maintains commercial insurance coverage for property, liability, workmen's compensation and public officials' surety bonds.

NOTE 15. CONTINGENT LIABILITIES

State Financial Assistance

The Township receives financial assistance from 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, 2010, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2010 with assessments in excess of 1% of the total assessed valuation.

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 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2010:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 185	\$
General Capital Fund	—	<u>185</u>
	\$ <u>185</u>	\$ <u>185</u>

NOTE 17. LENGTH OF SERVICE AWARD PLAN

In 2001 the Division approved the Township’s Length of Service Award Plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Township’s ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a maximum annual contribution of \$1,506 to each eligible volunteer who accumulates a minimum of 643 service points (volunteer emergency service squads), based on criteria established by Township Resolution No. 01-148. The Township’s contribution shall be included in the current year’s budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participant volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency’s general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2010 in accordance with the American Institute of Certified Public Accountants (AICPA) Statements and Standards for Accounting and Review Services.

NOTE 18. SUBSEQUENT EVENT - DEBT AUTHORIZED

At the audit date the Township had adopted the following ordinances in 2011 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
11-03	2011 Road Program	\$ 237,500

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2010</u> \$ <u>2.17</u>	<u>2009</u> \$ <u>2.67</u>	<u>2008</u> \$ <u>2.63</u>
Apportionment of Tax Rate:			
Municipal	.09	.10	.10
County	.32	.40	.40
Local School	1.62	2.02	1.99
Fire	.08	.09	.08
Municipal Farmland Preservation	.06	.06	.06
Assessed Valuation:			
2010	\$ 1,774,360,683		
2009		\$ 1,409,380,822	
2008			\$ 1,399,408,258

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>
2010	\$ 38,599,812	\$ 37,922,143	98.24%
2009	37,859,352	37,306,985	98.54%
2008	37,345,848	36,733,181	98.36%

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>
2010	\$ 147,700	\$ 622,422	\$ 770,122	1.99%
2009	174,270	493,046	667,316	1.76%
2008	149,721	589,381	739,102	1.98%

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>
2010	\$ 147,700
2009	147,700
2008	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>		
2010	\$ 2,298,440	\$ 1,863,000
2009	3,084,346	2,310,000
2008	4,239,508	2,668,000
2007	4,831,532	2,701,000
2006	5,344,133	2,851,000

ANALYSIS OF FUND BALANCE - CURRENT FUND

	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Cash Surplus:			
Cash and Cash Equivalents	\$ 2,297,440	\$ 3,082,596	\$ 4,239,508
Due from State of New Jersey	<u>1,000</u>	<u>1,750</u>	<u> </u>
	\$ <u>2,298,440</u>	\$ <u>3,084,346</u>	\$ <u>4,239,508</u>

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued</u>			
Bond Anticipation Note Issued	\$ 11,353,439	\$ 11,444,947	\$ 14,241,259
Serial Bonds Payable	8,725,000	9,122,000	9,509,000
Green Trust Loan	<u>317,949</u>	<u>354,250</u>	<u>389,836</u>
Net Debt Issued	<u>20,396,388</u>	<u>20,921,197</u>	<u>24,140,095</u>
 <u>Authorized but not Issued</u>			
General Bonds and Notes	<u>1,395,273</u>	<u>622,662</u>	<u>3,249,662</u>
 Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>21,791,661</u>	\$ <u>21,543,859</u>	\$ <u>27,389,757</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 1.06%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 42,465,000	\$ 42,465,000	\$
General Debt	<u>21,791,661</u>	<u>294,470</u>	<u>21,497,191</u>
	\$ <u>64,256,661</u>	\$ <u>42,759,470</u>	\$ <u>21,497,191</u>

Net Debt \$21,497,191 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$2,031,153,349 = 1.06%.

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

3.5% of Equalized Valuation Basis	\$ 71,090,367
Net Debt	<u>21,497,191</u>
Remaining Borrowing Power	\$ <u>49,593,176</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2010:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Nancy Grbelja	Mayor	
Robert Kinsey	Deputy Mayor, Committeeman	
Gary Dorfman	Committeeman	
Michael Kuczinski	Committeeman	
Fiore Masci	Committeeman	
Maria Dellasala	Township Clerk, Officer for Searches for Municipal Improvements, Registrar of Vital Statistics, Purchasing Agent	
Phil DelTurco	Business Administrator, DPW Coordinator	
Annette Murphy	Chief Financial Officer	\$ (1)
Amanda Salerno	Treasurer	(1)
Kathleen Hart	Escrow Specialist	
Duane O. Davidson, Esq.	Attorney	
Dawn Mitchell	Tax Collector	(1)
Lorraine Maher	Tax Office Clerk	
Thomas F.X. Foley, Esq.	Magistrate	
Diane Canzarella	Court Administrator	
Penny Danley-Gravatt	Deputy Court Administrator	
Dawn Wattai	Assistant Deputy Court Administrator	
Nicole Vladimorov	Recreation Coordinator	
Katherine A. Slisky	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.

All of the bonds were examined and were properly executed.

There is employee theft insurance with a \$1,000,000 limit per occurrence and a \$10,000 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

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2009	\$ 17,874,580.86	\$ 6,524.29
Increased by Receipts:		
Tax Collector	\$ 38,554,948.54	
State of New Jersey for Veterans and Senior Citizens Deductions	63,369.86	
Revenue Accounts Receivable	1,601,713.46	
Interfunds	16,233.19	
Construction Code Fees Due State	15,483.00	
Grants Receivable		248,521.85
Miscellaneous Revenue not Anticipated	95,712.63	
	<u>40,347,460.68</u>	<u>248,521.85</u>
	<u>58,222,041.54</u>	<u>255,046.14</u>
Decreased by Disbursements:		
Budget Appropriations	5,024,502.99	
Appropriation Reserves	136,743.83	
County Taxes Payable	5,675,269.93	
Due County for Added and Omitted Taxes	31,656.90	
Local School District Tax Payable	28,615,495.50	
Fire District Tax Payable	1,425,685.00	
Farmland Preservation Tax Payable	1,064,616.41	
Tax Overpayments Refunded	57,115.69	
Construction Code Fees Due State	15,665.00	
Appropriated Reserves		67,787.59
	<u>42,046,751.25</u>	<u>67,787.59</u>
Balance December 31, 2010	<u>\$ 16,175,290.29</u>	<u>\$ 187,258.55</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:		
Taxes Receivable	\$ 38,129,972.33	
Tax Title Liens	5,087.54	
Prepaid Taxes	242,328.36	
Tax Overpayments	70,999.34	
2009 Senior Citizens Disallowed	880.14	
Interest and Costs on Taxes	<u>105,680.83</u>	
		\$ 38,554,948.54
Decreased by Disbursements:		
Payments to Treasurer		<u>\$ 38,554,948.54</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		Collections by Cash		Senior Citizens and Veterans Deductions	Transfer to Tax Title Liens	Cancelled and County Board Judgments	Balance Dec. 31, 2010
	2009	2010 Levy	2009	2010				
2009	\$ 493,046.48	\$ 38,599,812.41	\$ 197,062.12	\$ 468,391.00	\$ 63,500.00	\$ 5,525.49	\$ 6,860.81	\$ 12,269.18
2010		38,599,812.41	197,062.12	37,661,581.33	63,500.00	24,419.94	43,096.02	610,153.00
	\$ 493,046.48	\$ 38,599,812.41	\$ 197,062.12	\$ 38,129,972.33	\$ 63,500.00	\$ 29,945.43	\$ 49,956.83	\$ 622,422.18

Analysis of 2010 Property Tax Levy

Tax Yield:

General Purpose Tax
Special District Taxes (Fire)
Added and Omitted Taxes

\$ 37,013,164.07
1,437,234.28
149,414.06

\$ 38,599,812.41

Tax Levy:

Local District School Tax
County Taxes:
County Tax (Abstract)
Due County for Added and Omitted Taxes
Total County Taxes
Fire District Tax
Open Space
Local Tax for Municipal Purposes
Add: Additional Tax Levied

\$ 28,728,267.00

5,696,558.49
1,425,685.00
1,064,616.41

1,684,685.51

\$ 38,599,812.41

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF DUE TO/FROM STATE OF NEW JERSEY

SENIOR CITIZENS AND VETERANS DEDUCTIONS

Balance December 31, 2009 - (Due From)		\$ 1,750.00
Increased by:		
Senior Citizens and Veterans Allowed per 2010 Tax Billings	\$ 61,500.00	
2010 Senior Citizens and Veterans Allowed	<u>2,500.00</u>	
		<u>64,000.00</u>
Decreased by:		<u>65,750.00</u>
2010 Senior Citizens Disallowed	500.00	
2009 Senior Citizens Disallowed	880.14	
Cash Received	<u>63,369.86</u>	
		<u>64,750.00</u>
Balance December 31, 2010 - (Due From)		\$ <u><u>1,000.00</u></u>

SCHEDULE OF TAX TITLE LIENS

Exhibit A-8

Balance December 31, 2009		\$ 174,269.87
Increased by:		
Transfers from Taxes Receivable	\$ 29,945.43	
Interest and Costs	<u>497.83</u>	
		<u>30,443.26</u>
		<u>204,713.13</u>
Decreased by:		
Cash Received		<u>5,087.54</u>
Balance December 31, 2010		\$ <u><u>199,625.59</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

AT ASSESSED VALUE

Exhibit A-9

Balance December 31, 2009 and 2010		\$ <u><u>147,700.00</u></u>
------------------------------------	--	-----------------------------

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Exhibit A-10

	<u>Balance Dec. 31, 2009</u>	<u>Accrued in 2010</u>	<u>Collected by Treasurer</u>	<u>Balance Dec. 31, 2010</u>
Clerk	\$			\$
Alcoholic Beverages		\$ 6,000.00	\$ 6,000.00	
Fees and Permits		18,211.20	18,211.20	
Construction Code Official				
Fees and Permits		261,369.00	261,369.00	
Registrar				
Fees and Permits		1,031.00	1,031.00	
Planning Board				
Fees and Permits		12,200.00	12,200.00	
Municipal Court				
Fines and Costs	6,677.73	119,160.57	115,355.98	10,482.32
Other Revenues - Treasurer				
State Aid:				
Energy Receipt Taxes		821,546.00	821,546.00	
Garden State Trust		20,207.00	20,207.00	
Other:				
Cable Franchise Fees		26,981.00	26,981.00	
Verizon Franchise Fees		19,031.61	19,031.61	
Borough of Roosevelt Court		6,000.00	6,000.00	
Interest on Investments and Deposits		293,780.67	293,780.67	
	<u>\$ 6,677.73</u>	<u>\$ 1,605,518.05</u>	<u>\$ 1,601,713.46</u>	<u>\$ 10,482.32</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 2

	Balance		Transfers	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriated Reserves	Encumbrances Payable				
	\$	\$	\$	\$	\$	\$
Other Expenses:	6,335.27	9,139.23	(900.00)	14,574.50	6,217.23	8,357.27
General Administration	287.47	20.00		307.47	20.00	287.47
Mayor and Township Committee	1,710.07			1,710.07	1,016.62	693.45
Municipal Clerk	1,307.22	732.70		2,039.92	732.70	1,307.22
Financial Administration	955.74	1,062.90		2,018.64	1,112.90	905.74
Revenue Administration (Tax Collector)	1,322.47	275.54		1,598.01	275.54	1,322.47
Assessment of Taxes	14,883.25	24,926.42		39,809.67	15,731.17	24,078.50
Legal Services Costs and Costs	24,637.75	420.00		25,057.75	10,680.00	14,377.75
Engineering Services and Costs	883.69			883.69	148.80	734.89
Veterans Memorial Committee	4,374.81	10,535.32		14,910.13	10,764.59	4,145.54
Public Buildings and Grounds	5,103.72	111.93		5,215.65	111.93	5,103.72
Planning Board	1,285.06	900.00		2,185.06	900.00	1,285.06
Agriculture	1,840.93	46.62		1,887.55	46.62	1,840.93
Construction Code	10.00			10.00	10.00	
Shade Tree	36.58	47.87		84.45	65.47	18.98
Environmental Commission	14,023.73	1,931.89		15,955.62	13,369.09	2,586.53
Group Insurance for Employees	11,278.56	14,259.73		25,538.29	15,910.54	9,627.75
Road Repairs and Maintenance	5,066.00	11,075.40		16,141.40	9,503.56	6,637.84
Solid Waste Collection	1,942.00			1,942.00	1,584.00	358.00
Board of Health	6,000.00			6,000.00	5,979.90	20.10
Aid to Volunteer Ambulance Companies	6,909.90	6,153.43		13,063.33	10,377.81	2,685.52
Vehicle Maintenance	432.25	643.08		1,075.33	843.07	232.26
Recreation Commission	5,023.57	87.61	400.00	5,511.18	5,367.01	144.17
Electricity	185.13	9,424.42		9,609.55	9,424.42	185.13
Street Lighting	1,838.53	1,592.18		3,430.71	2,416.04	1,014.67
Telephone	4,843.04		500.00	5,343.04	5,298.23	44.81
Natural Gas	454.59	6,364.16		6,818.75	5,735.06	1,083.69
Gasoline						

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 2

	<u>Balance</u>							
	<u>Dec. 31, 2009</u>							
	<u>Appropriated</u>	<u>Encumbrances</u>		<u>Balance</u>		<u>Paid or</u>	<u>Balance</u>	
	<u>Reserves</u>	<u>Payable</u>	<u>Transfers</u>	<u>After</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>	
Other Expenses (Continued):								
Municipal Court	\$ 6,760.54	\$ 1,880.80	\$	\$ 8,641.34		\$ 1,880.80	\$ 6,760.54	
Contribution to Social Security	1,057.59			1,057.59		272.73	784.86	
Municipal Alliance Local Share	573.25	948.00		1,521.25		948.00	573.25	
All Other Accounts	15,981.25			15,981.25			15,981.25	
Salaries and Wages:								
All Other Accounts	<u>15,947.28</u>			<u>15,947.28</u>			<u>15,947.28</u>	
Total	<u>\$ 163,291.24</u>	<u>\$ 102,579.23</u>	<u>\$</u>	<u>\$ 265,870.47</u>		<u>\$ 136,743.83</u>	<u>\$ 129,126.64</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF COUNTY TAX PAYABLE

Increased by:			
2010 Tax Levy:			
County Tax		\$ 4,984,677.95	
County Library Tax		285,528.94	
County Health		94,185.34	
Open Space Tax		<u>310,877.70</u>	
			\$ 5,675,269.93
Decreased by:			
Payments			<u>\$ 5,675,269.93</u>

SCHEDULE OF DUE COUNTY FOR ADDED

AND OMITTED TAXES

Exhibit A-13

Balance December 31, 2009			\$ 31,656.90
Increased by:			
County Share of 2010 Levy:			
Added and Omitted Taxes		<u>21,288.56</u>	
			<u>52,945.46</u>
Decreased by:			
Payments			<u>31,656.90</u>
Balance December 31, 2010			<u>\$ 21,288.56</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2009			\$ 14,251,362.00
Increased by:			
Levy - School Year July 1, 2010 to June 30, 2011			<u>28,728,267.00</u>
			42,979,629.00
Decreased by:			
Payments			<u>28,615,495.50</u>
Balance December 31, 2010			
School Tax Payable	\$ 13,364,133.50		
School Tax Deferred	<u>1,000,000.00</u>		
			<u>\$ 14,364,133.50</u>

SCHEDULE OF FIRE DISTRICT TAX PAYABLE

Exhibit A-15

Increased by:			
2010 Levy			\$ 1,425,685.00
Decreased by:			
Payments			<u>\$ 1,425,685.00</u>

SCHEDULE OF FARMLAND PRESERVATION TAX PAYABLE

Exhibit A-16

Increased by:			
2010 Levy			\$ 1,064,616.41
Decreased by:			
Disbursed			<u>\$ 1,064,616.41</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-17

SCHEDULE OF INTERFUNDS

	<u>Total (Memo Only)</u>	<u>General Capital</u>	<u>Animal Control</u>
Balance December 31, 2009 - Due From/(Due To)	\$ 9.00	\$	\$ 9.00
Increased by:			
Cancelled Improvement Authorizations	16,409.64	16,409.64	
Total Increases and Balances	<u>16,418.64</u>	<u>16,409.64</u>	<u>9.00</u>
Decreased by:			
Received	<u>16,233.19</u>	<u>16,224.19</u>	<u>9.00</u>
Balance December 31, 2010 - Due From/(Due To)	\$ <u>185.45</u>	\$ <u>185.45</u>	\$ <u> </u>

SCHEDULE OF TAX OVERPAYMENTS

Exhibit A-18

Balance December 31, 2009		\$ 32,378.79
Increased by:		
Cash Received		<u>70,999.34</u>
		103,378.13
Decreased by:		
Cash Disbursed	\$ 57,115.69	
Cancelled	<u>1.68</u>	
		<u>57,117.37</u>
Balance December 31, 2010		\$ <u>46,260.76</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-19

SCHEDULE OF PREPAID TAXES

Balance December 31, 2009	\$ 197,062.12
Increased by:	
Cash Received	<u>242,328.36</u>
	439,390.48
Decreased by:	
Applied to Taxes Receivable	<u>197,062.12</u>
Balance December 31, 2010	\$ <u><u>242,328.36</u></u>

SCHEDULE OF DUE STATE FOR CONSTRUCTION CODE FEES

Exhibit A-20

Balance December 31, 2009	\$ 7,647.00
Increased by:	
Cash Received	<u>15,483.00</u>
	23,130.00
Decreased by:	
Cash Disbursed	<u>15,665.00</u>
Balance December 31, 2010	\$ <u><u>7,465.00</u></u>

SCHEDULE OF ACCOUNTS PAYABLE

Exhibit A-21

Balance December 31, 2009	\$ 6,007.89
Decreased by:	
Cancelled	<u>6,007.89</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GRANT FUND

Exhibit A-22

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance December 31, 2009	\$ 12,534.10
Increased by:	
Charged to Appropriated Reserves	<u>13,212.00</u>
	25,746.10
Decreased by:	
Applied	<u>12,534.10</u>
Balance December 31, 2010	\$ <u><u>13,212.00</u></u>

SCHEDULE OF INTERFUND - GRANT FUND

Exhibit A-23

Increased by:	
Budget Appropriation	\$ 190,319.14
Decreased by:	
Budget Revenue Realized	\$ <u><u>190,319.14</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-24

GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

	<u>Balance Dec. 31 2009</u>	<u>Increased by Revenue Anticipated</u>	<u>Decreased</u>	<u>Balance Dec. 31 2010</u>
	\$	\$	\$	\$
Alcohol Rehabilitation Grant				
Clean Communities Grant	18,900.00	29,653.05	29,653.05	
D.C.A. Municipal Court Feasibility Study	2,000.00		18,900.00	
Green Communities				2,000.00
Municipal Alliance Grant:				
2007 Grant	5,235.41			5,235.41
2008 Grant	6,171.26			6,171.26
2009 Grant	9,083.50		8,537.71	545.79
2010 Grant		13,465.00	1,230.00	12,235.00
NJ DEP West Trail Park	25,000.00			25,000.00
NJ Department of Agriculture	4,972.84			4,972.84
NJ Department of Agriculture - Gypsy Moth	2,673.13			2,673.13
NJ D.O.T Conover Road		140,000.00		140,000.00
NJ Transportation Trust Fund - Millstone Road 2009	190,000.00		190,000.00	
Recycling Tonnage Grant		7,000.00		7,000.00
Business Stimulus Fund - NJ Commission of Forestry				
	<u>\$ 264,036.14</u>	<u>\$ 190,319.14</u>	<u>\$ 248,521.85</u>	<u>\$ 205,833.43</u>
Cash Received			<u>\$ 248,521.85</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

GRANT FUND

Exhibit A-25

SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

	<u>Balance</u> Dec. 31 2009	<u>Prior Year</u> Encumbrances	<u>Budget</u> Appropriation	<u>Expended</u>	<u>Balance</u> Dec. 31 2010
Alcohol Education and Rehabilitation Grant	\$ 185.64	\$	\$ 201.09	\$	\$ 386.73
CDBG	44,962.67				44,962.67
Clean Communities Grant	8,942.17	12,534.10	29,653.05	29,966.83	21,162.49
Green Communities	109.78				109.78
Municipal Alliance on Alcohol and Drug Abuse					
2007	3,419.49				3,419.49
2008	6,171.26				6,171.26
2009	8,581.90			8,036.11	545.79
2010			13,465.00	10,322.00	3,143.00
NJDEP West Trail Project	23,950.00			11,117.99	12,832.01
NJ Department of Agriculture	2,705.88			290.21	2,415.67
NJ Environmental Commission	5,000.00				5,000.00
NJ Transportation Trust Fund Millstone Road					
2003	12,343.43				12,343.43
2006	57,188.97				57,188.97
2007	73,223.75			5,457.50	67,766.25
2010			140,000.00	6,618.75	133,381.25
Police O.E.M. Grant	2,405.72				2,405.72
Business Stimulus Fund - NJ Commission of Forestry			7,000.00	7,000.00	
Recycling Tonnage Grant	8,835.67			2,190.20	6,645.47
	<u>\$ 258,026.33</u>	<u>\$ 12,534.10</u>	<u>\$ 190,319.14</u>	<u>\$ 80,999.59</u>	<u>\$ 379,879.98</u>
Disbursed				\$ 67,787.59	
Encumbrances				<u>13,212.00</u>	
					<u>\$ 80,999.59</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF TRUST CASH

	<u>Dog License Fund</u>	<u>Treasurer</u>	<u>Trust-Other</u>	<u>Collector</u>
Balance December 31, 2009	\$ 13,445.60	\$ 4,340,413.36		\$
Increased by Receipts:				
License Fees	\$ 8,692.00		\$	
State Registration Fees	1,563.00			
Surety Deposits - Escrow		364,208.74		
Deposits for Redemption of Tax Title Liens			234,969.33	
Reserve for:				
Drug Program		410.00		
Tax Sale Premiums		67,000.00		
Other Reserves		1,615,320.02		
	<u>10,255.00</u>	<u>2,046,938.76</u>		<u>234,969.33</u>
	23,700.60	6,387,352.12		234,969.33
Decreased by Disbursements:				
Interfund - Current Fund	9.00			
State Registration Fees	1,551.60			
Security Deposits - Escrow		430,311.93		
Deposits for Redemption of Tax Title Liens			234,919.33	
Reserve for:				
Animal Control Trust Fund Expenditures	14,923.34			
Tax Sale Premiums		109,800.00		
Other Reserves		1,971,769.95		
	<u>16,483.94</u>	<u>2,511,881.88</u>		<u>234,919.33</u>
Balance December 31, 2010	\$ 7,216.66	\$ 3,875,470.24		\$ 50.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-2

SCHEDULE OF INTERFUND - CURRENT FUND

	Animal Control
Balance December 31, 2009 - Due To/(Due From)	\$ <u>9.00</u>
Decreased by:	
Disbursed Treasurer	\$ <u><u>9.00</u></u>

SCHEDULE OF DUE FROM TOWNSHIP CLERK

ANIMAL CONTROL TRUST FUND

Exhibit B-3

Increased by:			
Received by Township Clerk:			
Dog License Fees:			
2010 Receipts	\$ 7,647.20		
Late Fees	1,044.80		
	<u>8,692.00</u>		
State Registration Fees	1,563.00		
		<u>10,255.00</u>	
Decreased by:			
Disbursed by Township Clerk:			
Treasurer	8,692.00		
State Registration Fees	1,563.00		
		<u>10,255.00</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-4

SCHEDULE OF STATE REGISTRATION FEES

Balance December 31, 2009	\$ 3.60
Increased by:	
State Registration Fees Collected by Township Clerk in 2010	1,563.00
	<u>1,566.60</u>
Decreased by:	
Disbursed	1,551.60
	<u>1,551.60</u>
Balance December 31, 2010	\$ <u>15.00</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-5

Balance December 31, 2009	\$ 13,433.00
Increased by:	
License Fees:	
Dog Licenses	\$ 7,647.20
Late Fees	1,044.80
	<u>8,692.00</u>
	<u>22,125.00</u>
Decreased by:	
Expenditures Under N.J.S. 40A:4-39: Disbursements	14,923.34
	<u>14,923.34</u>
Balance December 31, 2010	\$ <u>22,125.00</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	\$ 6,895.00
2009	4,753.00
	<u>\$ 11,648.00</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-6

SCHEDULE OF RESERVE FOR DEVELOPERS'

SECURITY DEPOSITS - ESCROW

Balance December 31, 2009	\$ 1,566,107.09
Increased by:	
Surety Deposits:	
Receipts	<u>364,208.74</u>
	1,930,315.83
Decreased by:	
Disbursements	<u>430,311.93</u>
Balance December 31, 2010	<u><u>\$ 1,500,003.90</u></u>

SCHEDULE OF DEPOSITS FOR REDEMPTION OF

TAX SALE CERTIFICATES

Exhibit B-7

Increased by:	
Receipts	\$ 234,969.33
Decreased by:	
Disbursements	<u>234,919.33</u>
Balance December 31,2010	<u><u>\$ 50.00</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-8

SCHEDULE OF RESERVE FOR DRUG PROGRAM

Balance December 31, 2009	\$ 1,528.12
Increased by:	
Cash Receipts	<u>410.00</u>
Balance December 31, 2010	<u><u>\$ 1,938.12</u></u>

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

Exhibit B-9

Balance December 31, 2009	\$ 194,500.00
Increased by:	
Cash Received	<u>67,000.00</u>
	<u>261,500.00</u>
Decreased by:	
Disbursed	<u>109,800.00</u>
Balance December 31, 2010	<u><u>\$ 151,700.00</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit B-10

SCHEDULE OF OTHER RESERVES

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Basin Maintenance	\$ 113,296.28			\$ 113,296.28
C.O.A.H. Escrow Deposits	162,299.33	76,726.49	160,986.80	78,039.02
Open Space	1,883,057.11	1,198,748.45	1,532,394.79	1,549,410.77
Other Developers	63,760.10	31,550.89	5,502.06	89,808.93
Public Defender	250.00	5,928.50	5,600.00	578.50
Recreation	329,042.03	302,365.69	267,286.30	364,121.42
Shade Tree	14,440.00			14,440.00
War Memorial	12,133.30			12,133.30
	<u>\$ 2,578,278.15</u>	<u>\$ 1,615,320.02</u>	<u>\$ 1,971,769.95</u>	<u>\$ 2,221,828.22</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-11

SCHEDULE OF RESERVE FOR LENGTH OF SERVICE

AWARDS PROGRAM (LOSAP) - UNAUDITED

Balance December 31, 2009		\$ 201,719.60
Increased by:		
Township Contributions to Trustee	\$ 20,656.00	
Earnings on Contributions	<u>16,651.30</u>	
		<u>37,307.30</u>
		239,026.90
Decreased by:		
Maintenance Charge		<u>700.00</u>
Balance December 31, 2010		<u><u>\$ 238,326.90</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2009		\$ 702,152.75
Increased by Receipts:		
C.O.A.H Trust	\$ 39,500.00	
Capital Improvement Fund	2,500.00	
State Grants Receivable	<u>500,000.00</u>	
		<u>542,000.00</u>
		<u>1,244,152.75</u>
Decreased by Disbursements:		
Improvement Authorization	453,048.51	
Miscellaneous Reserves	2,220.09	
Reserve to Pay Bonds	.60	
Due to Current Fund	<u>16,224.19</u>	
		<u>471,493.39</u>
Balance December 31, 2010		<u><u>\$ 772,659.36</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2010
Fund Balance	\$ 372,146.90
Capital Improvement Fund	136.08
Due To Current Fund	185.45
Reserve to Pay Bonds	294,469.82
Miscellaneous Reserves	32,290.47
Preliminary Costs Payable	3,145.91
Encumbrance Payable	55,414.50
Due from State of New Jersey	(243,792.44)
Excess Note Cash:	
Ordinance 05-30, 06-14	8,393.55
Ordinance 08-04	2,272.24
Ordinance 08-05	721,502.48
Ordinance 08-06	35,192.99
Improvement Authorizations:	

**Ordinance
Number**

Improvement Description

01-34	Renovations to Clarksburg School	590.00
01-43	Acquisition of Development Rights - Buono Property	5,560.00
04-32	2004 Road Improvements	25,792.63
06-13	2006 Road Improvement Program	2,362.39
06-21	Brandywine Park Improvements	13.21
06-23	Various Improvements	5,748.72
07-30	Park Improvements - Phase II	(105,954.31)
08-07	Acquisition of Development Easements for Open Space	(3,523.20)
08-22	Site Improvements to Municipal Projects	(5,049.74)
08-29	Stormwater Management Project	(14,886.80)
09-16	2009 Road Program	(56,406.49)
10-03	Acquisition of Real Property	(337,250.00)
10-21	2010 Road Program	(47,445.00)
10-33	Acquisition of Real Property	21,750.00
		<u>772,659.36</u>
		\$ <u>772,659.36</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

SCHEDULE OF DEFERRED CHARGES TO FUTURE

Exhibit C-4

TAXATION - FUNDED

Balance December 31, 2009		\$ 9,936,949.89
Decreased by:		
Serial Bonds Paid by Budget Appropriation	\$ 397,000.00	
Lease Revenue Bonds Paid	48,600.00	
Green Trust Loan Paid	<u>36,301.37</u>	
		<u>481,901.37</u>
Balance December 31, 2010		\$ <u>9,455,048.52</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	Increased by Improvement Authorizations	Decreased by	Balance Dec. 31, 2010
		\$	\$	\$	\$
01-34	Renovations to Clarksburg School	1,370.00		47.84	1,322.16
01-43	Acquisition of Development Rights - Buono Property	5,560.00		70.38	5,489.62
05-30, 06-14	Acquisition of Property and Road Configuration	8,579.00		8,579.00	
06-12	Park Improvements	494,000.00		17,034.48	476,965.52
06-13	2006 Road Improvements	1,235,000.00		31,666.67	1,203,333.33
06-21	Brandywine Park Improvements	190,000.00		6,551.72	183,448.28
06-22	Acquisition of Public Works Vehicle	285,000.00		31,666.67	253,333.33
06-23	Various Improvements and Purposes	99,750.00		4,284.79	95,465.21
06-30	Acquisition of Real Property	950,000.00			950,000.00
07-15	2007 Road Program	190,000.00			190,000.00
07-16	Park Improvements	675,000.00		23,332.24	651,667.76
08-04	Acquisition of Development Easements for Open Space	3,161,810.00			3,161,810.00
08-05	Acquisition of Land for Open Space	1,279,440.00		21,944.99	1,257,495.01
08-06	Acquisition of Development Easements for Open Space	1,639,600.00		4,329.28	1,635,270.72
08-07	Acquisition of Development Easements for Open Space	315,000.00			315,000.00
08-19	2008 Road Program	304,000.00			304,000.00
08-20	Acquisition of Public Works Vehicle	95,000.00			95,000.00
08-21	Improvement to Abate Park	71,250.00			71,250.00
08-22	Site Improvements for Municipal Projects	275,500.00			275,500.00
08-29	Stormwater Management Program	57,000.00			57,000.00
09-16	2009 Road Program		337,250.00		337,250.00
10-03	Acquisition of Real Property		47,500.00		47,500.00
10-21	Drainage Improvements		413,250.00		413,250.00
10-33	Acquisition of Real Property				
		<u>\$ 11,332,859.00</u>	<u>\$ 798,000.00</u>	<u>\$ 149,508.06</u>	<u>\$ 11,981,350.94</u>
	Authorization Cancelled			58,000.06	
	Budget Appropriation			91,507.40	
	Reserve to Pay Bonds			<u>.60</u>	
				<u>\$ 149,508.06</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUNDS

	<u>Total (Memo Only)</u>	<u>Current Fund</u>
Increased by:		
Cancelled Improvement Authorization	\$ 16,409.64	\$ 16,409.64
Decreased by:		
Cash Disbursed	<u>16,224.19</u>	<u>16,224.19</u>
Balance December 31, 2010 - Due To	<u>\$ 185.45</u>	<u>\$ 185.45</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit C-7

Balance December 31, 2009	\$ 136.08
Increased by:	
Received from 2010 - Budget Appropriation	<u>2,500.00</u>
	<u>2,636.08</u>
Decreased by:	
Down Payment on Improvement Authorizations	<u>2,500.00</u>
Balance December 31, 2010	<u>\$ 136.08</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Balance Dec. 31, 2009		Encumbrances Payable Dec. 31, 2009	Improvement Authorizations	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2010	
		Funded	Unfunded					Funded	Unfunded
01-34	Renovations to Clarksburg School	19.37	5,560.00				19.37	25,792.63	5,560.00
01-43	Acquisition of Development Rights - Buono Property	46,048.39				20,255.76	21,661.79		
03-19	Acquisition of Development Rights - Livak and Mullery Property	13,082.79	8,579.00				3,122.03		
04-32	2004 Road Improvements	3,122.03							
05-30, 06-14	Acquisition of Property and Road Configuration								
05-36	Acquisition of Public Works Vehicle		6,746.54			4,384.15			2,362.39
06-13	2006 Road Improvement Program		13.21			4,349.12			13.21
06-21	Brandywine Park Improvements		10,097.84			1,049.80			5,748.72
06-23	Various Improvements		1,049.80			396.50			
07-15	Road Program		84,442.19						
07-16	Park Improvement - Phase II		23,332.24				23,332.24		84,045.69
08-04	Acquisition of Developments Easements for Open Space		1,008.00			1,008.00			
08-05	Acquisition of Land for Open Space		909.79			909.79	21,944.99		
08-06	Acquisition of Developments Easements for Open Space		22,854.78			1,229.48	4,329.28		
08-07	Acquisition of Developments Easements for Open Space		5,558.76			327.73			
08-19	2008 Road Program		327.73			104.15			
08-20	Acquisition of Public Works Vehicle		104.15			865.00			66,200.26
08-22	Site Improvements for Municipal Projects		67,065.26			14,983.75			260,613.20
08-29	Stormwater Management Projects	96.95	275,500.00			53,654.78			593.51
09-16	2009 Road Program		29,188.00			355,000.00			
10-03	Acquisition of Real Property			25,060.29		49,945.00			55.00
10-21	2010 Road Improvement Program								
10-31	Acquisition of Real Property							21,750.00	413,250.00
		\$ 62,369.53	\$ 542,017.50	\$ 25,060.29	\$ 840,000.00	\$ 508,463.01	\$ 74,409.70	\$ 47,542.63	\$ 839,031.98
	Cash Disbursed					\$ 453,048.51			
	Due to Current Fund						16,409.64		
	C.O.A.H Trust						58,000.06		
	Deferred Charges Unfunded								
	Capital Improvement Fund					55,414.50			
	Encumbrances								
		\$ 840,000.00	\$ 508,463.01	\$ 508,463.01	\$ 840,000.00	\$ 508,463.01	\$ 74,409.70		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF MISCELLANEOUS RESERVES

<u>Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
Reserve for:			
Recreation Improvements - 2007	\$ 18,895.46	\$ 1,600.00	\$ 17,295.46
Department of Public Works - Equipment Acquisition	155.10	155.10	
D.O.C. Imaging System - 2007	<u>15,460.00</u>	<u>464.99</u>	<u>14,995.01</u>
	<u>\$ 34,510.56</u>	<u>\$ 2,220.09</u>	<u>\$ 32,290.47</u>
Disbursed		<u>\$ 2,220.09</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
			Date	Amount				
General Improvements	12/01/05	\$ 10,670,000.00	12/01/11	\$ 413,000.00	5%			
			12/01/12	434,000.00	5%			
			12/01/13	455,000.00	5%			
			12/01/14	478,000.00	5%			
			12/01/15	502,000.00	5%			
			12/01/16	527,000.00	5%			
			12/01/17	553,000.00	4%			
			12/01/18	575,000.00	4.125%			
			12/01/19	599,000.00	4.125%			
			12/01/20	624,000.00	4.5%			
			12/01/21	652,000.00	4.125%			
			12/01/22	679,000.00	5%			
			12/01/23	713,000.00	4.25%			
			12/01/24	748,000.00	4.375%			
			12/01/25	773,000.00	4.375%			
						\$ 9,122,000.00	\$ 397,000.00	\$ 8,725,000.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF PRELIMINARY COSTS PAYABLE

Balance December 31, 2009 and 2010 \$ 3,146.91

SCHEDULE OF GREEN TRUST LOAN

Exhibit C-12

Improvement Description	Original Date of Issue	Maturities		Interest Rate	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
		Date	Amount				
Purchase of Development Rights - Top Step Farm	12/02/98	2011	\$ 37,031.03	2%			
		2012	37,775.36				
		2013	38,534.64				
		2014-18	204,607.49				
					\$ 354,249.89	\$ 36,301.37	\$ 317,948.52

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-13

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
01-34	Renovation of Clarksburg School	10/04/07	09/29/10	09/28/11	1.50%	\$ 1,370.00	\$ 47.84	\$ 1,322.16
01-43	Acquisition of Development Rights - Buono Property	10/04/07	09/29/10	09/28/11	1.50%	5,560.00	70.38	5,489.62
06-12	Park Improvements	10/04/07	09/29/10	09/28/11	1.50%	494,000.00	17,034.48	476,965.52
06-13	2006 Road Program	10/04/07	09/29/10	09/28/11	1.50%	1,235,000.00	31,666.67	1,203,333.33
06-14	Acquisition of Property and Road Configuration	10/04/07	09/29/10	09/28/11	1.50%	8,579.00	185.45	8,393.55
06-21	Brandywine Park Improvements	10/04/07	09/29/10	09/28/11	1.50%	190,000.00	6,551.72	183,448.28
06-22	Acquisition of Public Works Equipment	10/04/07	09/29/10	09/28/11	1.50%	285,000.00	31,666.67	253,333.33
06-23	Various Improvements	10/04/07	09/29/10	09/28/11	1.50%	99,750.00	4,284.79	95,465.21
07-15	2007 Road Program	03/05/09	03/06/10	03/02/11	0.87%	950,000.00		950,000.00
08-04	Acquisition of Development Easements for Open Space	05/13/08	03/17/10	03/16/11	1.50%	653,940.00		653,940.00
08-05	Acquisition of Land for Open Space	05/13/08	03/17/10	03/16/11	1.50%	3,883,312.48		3,883,312.48
08-06	Acquisition of Development Easements for Open Space	05/13/08	03/17/10	03/16/11	1.50%	1,292,688.00		1,292,688.00
08-07	Acquisition of Development Easements for Open Space	05/13/08	03/17/10	03/16/11	1.50%	1,631,747.52		1,631,747.52
08-19	2008 Road Program	03/05/09	03/06/10	03/02/11	0.87%	315,000.00		315,000.00
08-20	Acquisition of Public Works Vehicle	03/05/09	03/06/10	03/02/11	0.87%	304,000.00		304,000.00
08-21	Improvement to Abate Park	03/05/09	03/06/10	03/02/11	0.87%	95,000.00		95,000.00
						\$ 11,444,947.00	\$ 91,508.00	\$ 11,353,439.00

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>Amount of Original Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
			<u>Date</u> <u>Amount</u>				
General Improvements	10/04/07	\$ 551,000.00	09/01/11 \$ 51,000.00	4%			
			09/01/12 53,100.00	5%			
			09/01/13 55,700.00	5%			
			09/01/14 58,500.00	5%			
			09/01/15 61,500.00	5%			
			09/01/16 64,500.00	5%			
			09/01/17 67,800.00	5%			
					\$ 460,700.00	\$ 48,600.00	\$ 412,100.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-15

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorization</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
07-16	Park Improvements	\$ 190,000.00	\$		\$ 190,000.00
08-04	Acquisition of Easements for Open Space	21,060.00		21,060.00	
08-07	Acquisition of Easements for Open Space	7,852.48		4,329.28	3,523.20
08-22	Site Improvements for Municipal Projects	71,250.00			71,250.00
08-29	Stormwater Management Washing Pole	275,500.00			275,500.00
09-16	2009 Road Program	57,000.00			57,000.00
10-03	Acquisition of Real Property		337,250.00		337,250.00
10-21	2010 Road Improvement Program		47,500.00		47,500.00
10-33	Acquisition of Real Property		413,250.00		413,250.00
		<u>\$ 622,662.48</u>	<u>\$ 798,000.00</u>	<u>\$ 25,389.28</u>	<u>\$ 1,395,273.20</u>
	Cancelled			<u>\$ 25,389.28</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, 2010

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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WILLIAM E. ANTONIDES, JR., 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

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

We have audited the financial statements of the Township of Millstone (the "Township"), as of and for the year ended December 31, 2010, and have issued our report thereon dated June 15, 2011. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

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.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified a deficiency in internal control over financial reporting, described in the attached Schedule of Finding and Response that we consider to be a material weakness in internal control over financial reporting. We consider item 10-01 to be a material weakness.

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* and audit requirements as prescribed by the Division.

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, the Township Committee, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

William E. Antonides and Company
Independent Auditors

June 15, 2011

SCHEDULE OF FINDING AND RESPONSE

10-01 Criteria - In order to ensure adequate control over the preparation of the financial statements, including related footnotes, journal entries should be in agreement with supporting schedules.

Condition - Audit adjustments were required to certain general ledger accounts to achieve proper presentation of the financial statements and related disclosures.

Effect - The Township's general ledger did not facilitate the submission of financial statements in conformance with SAS 112.

Recommendations - The Township should take steps to assure that the controls with the preparation of the financial statements and related footnotes are instituted.

Management's Response - With regard to preparing supporting work papers and reconciling accounts on an ongoing basis, responsible officials agree with the findings and will address the matter as part of their corrective action plan. Additionally, while the Township does not feel that hiring someone with the ability to prepare financial statements is a cost effective use of taxpayer funds, other possible means of implementing controls over the preparation of financial statements will be investigated. It should be noted that the Township has not changed its protocol for the preparation of its financial statements and the current procedure has never been a violation of law, regulation or New Jersey accounting standards. Further, Township officials believe that to employ an outside professional solely to prepare the above would be costly and a duplication of effort considering that the auditor can prepare these very same documents as he completes his examination of the books and records of the Township. As a result, we wish to continue past practices and have the auditor prepare these statements and disclosures thereto during the course of the engagement. We understand that we will review and accept responsibility for these documents upon completion of the audit exit conference clarifying any matter with which we are unclear.

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

An audit of the financial accounts and transactions of the Township of Millstone, in the County of Monmouth, for the year ended December 31, 2010, 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 \$21,000 through June 30, 2010 and \$26,000 thereafter.

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.

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 6, 2010 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 6, 2010, 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 May 12, 2010 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>
2010	18
2009	18
2008	15

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes - Positive	5

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure when possible.

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 2010.

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 our procedures included a review of all prior year findings. Finding 09-01 was not corrected in 2010 and appears as Finding 10-01 for the period under audit.

ADDITIONAL 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.

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