

TOWNSHIP OF MILLSTONE

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2013**

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**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

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**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

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**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Millstone, County of Monmouth, State of New Jersey as of December 31, 2013 and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013. The financial statements as of December 31, 2012, were audited by other auditors whose report dated June 3, 2013 expressed an adverse opinion on generally accepted accounting principles, a disclaimer of opinion of Length of Service Award Program Fund and a unqualified opinion on the regulatory basis of accounting.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township of Millstone prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Millstone, County of Monmouth, State of New Jersey, as of December 31, 2013, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the year ended December 31, 2013. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 7.26% of the assets and liabilities, of the Township’s Trust Funds as of December 31, 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Millstone, County of Monmouth, State of New Jersey, as of December 31, 2013, and the results of its operations and changes in fund balance -- regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, on our consideration of the Township of Millstone's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Millstone's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

May 29, 2014
Medford, New Jersey

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INDEPENDENT AUDITOR’S 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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Millstone (herein referred to as “the Township”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated May 29, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

May 29, 2014
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF MILLSTONE
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Regular Fund:			
Cash - Treasurer	A-4	\$ 14,674,928.40	\$ 15,649,832.57
Change Funds	A-6	1,300.00	1,300.00
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	1,625.00	399.32
Total		<u>14,677,853.40</u>	<u>15,651,531.89</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	643,714.47	564,422.62
Tax Title Liens Receivable	A-9	213,069.71	225,305.38
Special Charges Receivable	A	2,206.81	9,759.23
Revenue Accounts Receivable	A-10	6,301.80	5,107.38
Total Receivable & Other Assets With Full Reserves		<u>865,292.79</u>	<u>804,594.61</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations	A	670,000.00	425,000.00
Total		<u>670,000.00</u>	<u>425,000.00</u>
Total Regular Fund		<u>16,213,146.19</u>	<u>16,881,126.50</u>
Federal & State Grant Fund:			
Cash	A-4	212,308.26	205,545.72
Interfund - Current Fund	A	2,025.76	784.45
Federal & State Grants Receivable	A-17	47,720.20	51,997.84
Total Federal & State Grants		<u>262,054.22</u>	<u>258,328.01</u>
		<u>\$ 16,475,200.41</u>	<u>\$ 17,139,454.51</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2013	2012
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 245,642.59	\$ 206,315.38
Accounts Payable	A	5,934.00	8,956.00
Due to State of New Jersey:			
Construction Fees	A	3,616.00	4,283.00
Marriage License Fees	A	225.00	300.00
Reserve for Encumbrances	A-3	191,860.15	302,224.87
Reserve for Storm Damage	A	32,284.40	425,000.00
Prepaid Taxes	A-12	219,126.67	208,153.46
Tax Overpayments	A-13	26,443.03	24,320.11
Due County for Added & Omitted Taxes	A-15	11,344.44	12,535.35
Local District School Tax Payable	A-16	12,938,829.00	13,377,546.00
Due to Grant Fund	B	2,025.76	784.45
		<u>13,677,331.04</u>	<u>14,570,418.62</u>
Total Liabilities			
Reserve for Receivables & Other Assets	A	865,292.79	804,594.61
Fund Balance	A-1	<u>1,670,522.36</u>	<u>1,506,113.27</u>
		<u>16,213,146.19</u>	<u>16,881,126.50</u>
Total Regular Fund			
State & Federal Grants:			
Encumbrance Payable	A-18	13,006.43	7,650.77
Reserve for Federal & State Grants:			
Appropriated	A-18	<u>249,047.79</u>	<u>250,677.24</u>
		<u>262,054.22</u>	<u>258,328.01</u>
Total State & Federal Grants			
		<u>\$ 16,475,200.41</u>	<u>\$ 17,139,454.51</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 755,709.37	\$ 1,024,000.00
Miscellaneous Revenue Anticipated	2,139,411.20	1,773,790.60
Receipts From Delinquent Taxes	597,397.13	621,001.88
Receipts from Current Taxes	40,000,602.35	39,999,390.11
Nonbudget Revenues	39,475.43	73,246.99
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	188,415.20	380,574.23
Cancellation of Prior Year Payable	5,000.00	-
Cancellation of Prior Year Encumbrance	787.42	-
Cancel Due to State	-	1,750.00
Cancelled Grant Appropriated Reserves	8,541.71	16,107.23
	<u>43,735,339.81</u>	<u>43,889,861.04</u>
 Total Income		
	<u>43,735,339.81</u>	<u>43,889,861.04</u>
 Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,469,800.00	1,492,900.00
Other Expenses	2,154,090.00	2,474,798.82
Deferred Charges & Statutory Expenditures - Municipal	274,860.37	284,788.45
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	23,200.00	5,200.00
Other Expenses	167,818.61	135,203.95
Municipal Debt Service	1,062,306.61	1,128,021.28
Capital Improvements	56,250.00	6,250.00
Deferred Charges & Statutory Expenditures	433,410.00	-
County Taxes	5,525,396.44	5,687,072.22
Due County for Added and Omitted Taxes	11,344.44	12,535.35
Local District School Taxes	29,377,655.00	29,255,092.00
Municipal Open Space Tax	940,490.78	939,657.48
Fire District Taxes	1,642,610.00	1,512,150.00
Cancelled Grant Receivables	5,989.10	20,190.56
Prior Year Revenue Refund	-	520.55
	<u>43,145,221.35</u>	<u>42,954,380.66</u>
 Total Expenditures		
	<u>43,145,221.35</u>	<u>42,954,380.66</u>
 Excess in Revenue	590,118.46	935,480.38
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	330,000.00	425,000.00
	<u>330,000.00</u>	<u>425,000.00</u>
 Fund Balance January 1	1,506,113.27	1,169,632.89
	<u>1,506,113.27</u>	<u>1,169,632.89</u>
 Total	2,426,231.73	2,530,113.27
Decreased by:		
Utilized as Anticipated Revenue	755,709.37	1,024,000.00
	<u>755,709.37</u>	<u>1,024,000.00</u>
 Fund Balance December 31	<u>\$ 1,670,522.36</u>	<u>\$ 1,506,113.27</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 755,709.37	\$ -	\$ 755,709.37	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	7,200.00	-	7,260.00	60.00
Fees & Permits	21,000.00	-	23,601.89	2,601.89
Fines & Costs:				
Municipal Court	99,000.00	-	112,022.08	13,022.08
Interest on Costs & Taxes	133,000.00	-	123,490.72	(9,509.28)
Interest on Investments & Deposits	190,000.00	-	188,445.03	(1,554.97)
Interlocal Service Agreement:				
Roosevelt Court Fees	6,000.00	-	12,000.00	6,000.00
Interlocal Service Agreement:				
Millstone Board of Education	20,000.00	-	10,209.38	(9,790.62)
Uniform Construction Code Fees	317,000.00	-	424,638.00	107,638.00
Energy Receipts Tax	821,546.00	-	821,546.00	-
Cable Franchise Fees	98,205.00	-	98,205.00	-
Verizon Franchise Fees	28,850.64	-	28,850.64	-
FEMA Reimbursement	377,656.00	-	205,514.60	(172,141.40)
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	-	6,417.36	6,417.36	-
Recreation Trail Grant	-	22,900.00	22,900.00	-
Alcohol Education and Rehabilitation	-	527.75	527.75	-
Clean Communities Program	35,675.75	-	35,675.75	-
Municipal Alliance on Alcoholism & Drug Abuse	13,607.00	-	13,607.00	-
Green Community Grant	3,000.00	-	3,000.00	-
ANJEC: Sign Project	1,500.00	-	1,500.00	-
Total Revenues	<u>2,173,240.39</u>	<u>29,845.11</u>	<u>2,139,411.20</u>	<u>(63,674.30)</u>
Receipts from Delinquent Taxes	592,484.47	-	597,397.13	4,912.66
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>2,590,456.72</u>	<u>-</u>	<u>2,833,105.69</u>	<u>242,648.97</u>
Budget Totals	6,111,890.95	29,845.11	6,325,623.39	183,887.33
Nonbudget Revenues	<u>-</u>	<u>-</u>	<u>39,475.43</u>	<u>39,475.43</u>
Total	<u>\$ 6,111,890.95</u>	<u>\$ 29,845.11</u>	<u>\$ 6,365,098.82</u>	<u>\$ 223,362.76</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 40,000,602.35
Allocated to School, County, Fire District & Local Open Space Taxes	<u>37,997,496.66</u>
Balance of Support of Municipal Budget Appropriations	2,003,105.69
Add: Appropriation "Reserve for Uncollected Taxes"	<u>830,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 2,833,105.69</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 597,397.13</u>
Fees & Permits - Other:	
Clerk	<u>\$ 23,601.89</u>
Total	<u>\$ 23,601.89</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Discovery Fees	\$ 156.00
Returned Check Fees	425.00
Rebates/Refunds	7,224.61
Year End Penalty	13,509.95
Senior Citizen & Veteran Administration Fee	1,167.99
Roosevelt Shared Service	523.50
Credit Card Convenience Fee	4,436.00
Electronic Recycling	1,285.80
Tax Sale Certificate Not Redeemed	1,900.00
Self Insurance (In House Benefit) 2012 Balance	7,844.91
Miscellaneous	<u>1,001.67</u>
Total	<u>\$ 39,475.43</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
GENERAL GOVERNMENT:						
Mayor & Township Committee:						
Salaries and Wages	\$ 36,000.00	\$ 36,000.00	\$ 35,769.00	\$ -	\$ 231.00	\$ -
Other Expenses	850.00	850.00	704.95	-	145.05	-
General Administration:						
Salaries and Wages	85,000.00	85,000.00	83,074.64	-	1,925.36	-
Other Expenses	84,700.00	84,700.00	57,228.23	10,274.66	17,197.11	-
Municipal Clerk:						
Salaries and Wages	117,000.00	118,300.00	118,270.19	-	29.81	-
Other Expenses	13,050.00	15,050.00	14,178.85	516.70	354.45	-
Financial Administration:						
Salaries and Wages	102,000.00	102,000.00	97,234.32	-	4,765.68	-
Other Expenses	36,385.00	36,385.00	27,851.51	8,522.64	10.85	-
Audit Services:						
Other Expenses	28,500.00	28,500.00	27,000.00	-	1,500.00	-
Collection of Taxes:						
Salaries and Wages	62,000.00	62,000.00	59,443.48	-	2,556.52	-
Other Expenses	7,450.00	7,450.00	6,442.94	21.00	986.06	-
Assessment of Taxes:						
Salaries and Wages	91,000.00	91,000.00	90,306.82	-	693.18	-
Other Expenses	9,310.00	9,310.00	7,152.09	-	2,157.91	-
Legal Services & Costs:						
Other Expenses	120,000.00	120,000.00	74,945.06	7,165.07	37,889.87	-
Engineering Services & Costs:						
Other Expenses	75,000.00	87,500.00	80,528.25	6,500.00	471.75	-
Historical Preservation Committee:						
Other Expenses	2,300.00	2,300.00	935.76	-	1,364.24	-
Veterans Memorial Committee:						
Other Expenses	1,500.00	1,500.00	1,049.87	-	450.13	-
Open Space Farmland Preservation Council:						
Salaries and Wages	53,000.00	53,000.00	52,672.02	-	327.98	-
Other Expenses	3,000.00	1,000.00	54.80	25.99	919.21	-
Land Use Administration:						
Other Expenses	1,520.00	520.00	107.70	-	412.30	-
Municipal Land Use Law (N.J.S. 40:55D-1):						
Planning & Zoning Board:						
Salaries and Wages	22,000.00	22,000.00	21,620.92	-	379.08	-
Other Expenses	12,000.00	12,750.00	10,525.74	1,552.51	671.75	-
Zoning Board of Adjustment:						

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Salaries and Wages	22,000.00	22,000.00	21,620.92	-	379.08	-
Other Expenses	7,500.00	7,500.00	5,519.18	1,975.00	5.82	-
INSURANCE:						
Liability Insurance	98,492.00	98,492.00	98,492.00	-	-	-
Worker's Compensation Insurance	68,593.00	68,593.00	68,593.00	-	-	-
Employee Group Health Insurance	569,920.00	569,920.00	535,527.00	14,220.42	20,172.58	-
Employee Group Insurance Waiver	15,000.00	18,000.00	18,000.00	-	-	-
Unemployment Insurance	10,000.00	8,000.00	7,801.59	-	198.41	-
PUBLIC SAFETY FUNCTIONS						
Emergency Management Service:						
Other Expenses	9,500.00	9,500.00	265.00	747.88	8,487.12	-
Municipal Court:						
Salaries and Wages	115,000.00	108,400.00	107,279.25	165.00	955.75	-
Other Expenses	23,100.00	23,100.00	16,709.25	906.50	5,484.25	-
Aid to Volunteer Ambulance Companies:						
Contribution	35,000.00	35,000.00	35,000.00	-	-	-
Other Expenses	6,000.00	6,000.00	6,000.00	-	-	-
Public Defender:						
Other Expenses	5,000.00	5,000.00	3,269.50	-	1,730.50	-
Municipal Prosecutor:						
Salaries and Wages	28,000.00	28,000.00	27,980.00	-	20.00	-
PUBLIC WORKS FUNCTIONS						
Street & Road Maintenance:						
Salaries and Wages	398,000.00	323,000.00	312,970.26	-	10,029.74	-
Other Expenses	186,100.00	211,100.00	118,815.50	45,772.15	46,512.35	-

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			RESERVED	CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED			
Shade Tree Commission:							
Other Expenses	6,000.00	4,000.00	3,000.84	10.00	989.16	-	-
Sanitation:							
Salaries and Wages	27,000.00	20,900.00	20,827.11	-	72.89	-	-
Other Expenses	96,500.00	96,500.00	92,711.51	1,102.94	2,685.55	-	-
Buildings & Grounds:							
Other Expense	99,450.00	164,450.00	89,272.84	51,914.24	23,262.92	-	-
Vehicle Maintenance:							
Other Expense	56,900.00	56,900.00	39,637.84	12,767.92	4,494.24	-	-
HEALTH & HUMAN SERVICES							
Senior Transportation:							
Other Expenses	10,395.00	10,395.00	8,380.00	2,015.00	-	-	-
Environmental Commission:							
Salaries and Wages	2,400.00	2,400.00	2,100.00	-	300.00	-	-
Other Expenses	3,500.00	1,500.00	600.76	-	899.24	-	-
PARKS & RECREATION FUNCTIONS:							
Recreation Commission:							
Salaries and Wages	82,000.00	83,500.00	83,059.02	-	440.98	-	-
Other Expenses	4,500.00	4,500.00	3,498.38	787.21	214.41	-	-
Maintenance of Parks:							
Other Expenses	20,000.00	20,000.00	19,746.59	-	253.41	-	-
Celebration of Public Events:							
Other Expenses	12,000.00	12,000.00	9,295.55	1,323.86	1,380.59	-	-
EDUCATION FUNCTIONS:							
Contribution to Municipal Library	250.00	250.00	250.00	-	-	-	-
UTILITY EXPENSES & BULK PURCHASES:							
Electricity	48,000.00	44,000.00	40,077.38	3,729.31	193.31	-	-
Street Lighting	102,000.00	94,000.00	85,206.34	7,931.11	862.55	-	-
Telephone	38,000.00	34,500.00	28,388.74	1,952.23	4,159.03	-	-
Gas	23,000.00	24,000.00	20,747.80	3,252.20	0.00	-	-
Gasoline	75,000.00	50,000.00	37,386.11	2,506.47	10,107.42	-	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:							
Landfill Tipping Fees	19,100.00	19,100.00	19,049.25	-	50.75	-	-
Other Expenses							

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):						
State Uniform Construction Code:						
Construction Official:						
Salaries and Wages	242,000.00	246,200.00	246,147.93	-	52.07	-
Other Expenses	6,805.00	8,805.00	6,774.72	1,219.14	811.14	-
Other Code Enforcement:						
Salaries and Wages	75,000.00	66,100.00	66,000.46	-	99.54	-
Other Expenses	4,920.00	41,170.00	33,798.42	495.00	6,876.58	-
Total Operations Within "CAPS Detail:	3,615,490.00	3,623,890.00	3,206,897.18	189,372.15	227,620.67	-
Salaries and Wages	1,559,400.00	1,469,800.00	1,446,376.34	165.00	23,258.66	-
Other Expenses	2,056,090.00	2,154,090.00	1,760,520.84	189,207.15	204,362.01	-
DEFERRED CHARGES & STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	154,530.00	154,530.00	154,530.00	-	-	-
Social Security System (O.A.S.I)	124,710.37	116,310.37	115,040.70	-	1,269.67	-
Prior Year Bills	2,520.00	2,520.00	2,520.00	-	-	-
Defined Contribution Retirement Program	1,500.00	1,500.00	966.46	-	533.54	-
Total Statutory Expenditures	283,260.37	274,860.37	273,057.16	-	1,803.21	-
Total General Appropriations Within "CAPS"	3,898,750.37	3,898,750.37	3,479,954.34	189,372.15	229,423.88	-
OPERATIONS EXCLUDED FROM "CAPS":						
Group Insurance Plan for Employees	14,080.00	14,080.00	14,080.00	-	-	-
County of Monmouth- 911 Service	24,545.00	24,545.00	24,545.00	-	-	-
Length of Service Awards Program (LOSAP):						
Other Expenses	14,697.00	14,697.00	14,697.00	-	-	-

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:						
Municipal Court:						
Salaries and Wages	5,200.00	5,200.00	5,200.00	-	-	-
Other Expenses	800.00	800.00	800.00	-	-	-
Animal Control Services:						
Contract	15,689.00	15,689.00	15,179.00	510.00	-	-
Other Expenses	1,500.00	1,500.00	1,500.00	-	-	-
Streets and Roads:						
Salaries and Wages	18,000.00	18,000.00	9,281.29	-	8,718.71	-
PUBLIC & PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:						
Municipal Alliance for a Drug Free New Jersey:						
State Share	13,607.00	13,607.00	13,607.00	-	-	-
Township Share	3,401.75	3,401.75	3,401.75	-	-	-
Alcohol Education and Rehabilitation Grant	-	527.75	527.75	-	-	-
Local Matching Funds for Grants	7,500.00	7,500.00	-	-	7,500.00	-
Recycling Grant	-	6,417.36	6,417.36	-	-	-
2011 Recreation Trail Grant	-	22,900.00	22,900.00	-	-	-
Clean Communities Program	35,675.75	35,675.75	35,675.75	-	-	-
Supplemental Fire Services Program	1,978.00	1,978.00	-	1,978.00	-	-
Green Communities Grant	3,000.00	3,000.00	3,000.00	-	-	-
ANJEC: Sign Project	1,500.00	1,500.00	1,500.00	-	-	-
Total Operations	161,173.50	191,018.61	172,311.90	2,488.00	16,218.71	-
Total Operations Including Contingent	161,173.50	191,018.61	172,311.90	2,488.00	16,218.71	-
Detail:						
Salaries and Wages	23,200.00	23,200.00	14,481.29	-	8,718.71	-
Other Expenses	137,973.50	167,818.61	157,830.61	2,488.00	7,500.00	-

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED CANCELLED
Capital Improvements:					
Capital Improvement Fund	56,250.00	56,250.00	56,250.00	-	-
Total Capital Improvements	56,250.00	56,250.00	56,250.00	-	-
Municipal Debt Service:					
Payment of Bond Principal	455,000.00	455,000.00	455,000.00	-	-
Payment of Bond Anticipation & Capital Notes	139,701.00	139,701.00	139,701.00	-	-
Interest on Bonds	343,396.27	343,396.27	343,396.07	-	0.20
Interest on Notes	53,111.96	53,111.96	53,111.96	-	-
Capital Lease Obligations					
Principal	55,700.00	55,700.00	55,700.00	-	-
Interest	15,397.85	15,397.85	15,397.58	-	0.27
Total Municipal Debt Service	1,062,307.08	1,062,307.08	1,062,306.61	-	0.47
DEFERRED CHARGES & STATUTORY EXPENDITURES					
MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years	85,000.00	85,000.00	85,000.00	-	-
Special Emergency Authorizations - 5 Years	-	330,000.00	330,000.00	-	-
Ord 08-07- Acquisition of Development Easements for Open Space Purposes	3,523.20	3,523.20	3,523.20	-	-
Ord 08-29- Stormwater Management Projec	14,886.80	14,886.80	14,886.80	-	-
Total Deferred Charges & Statutory Expenditures	103,410.00	433,410.00	433,410.00	-	-

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Subtotal General Appropriations	5,281,890.95	5,641,736.06	5,204,232.85	191,860.15	245,642.59	0.47
Reserve for Uncollected Taxes	830,000.00	830,000.00	830,000.00	-	-	-
Total General Appropriations	<u>\$ 6,111,890.95</u>	<u>\$ 6,471,736.06</u>	<u>\$ 6,034,232.85</u>	<u>\$ 191,860.15</u>	<u>\$ 245,642.59</u>	<u>\$ 0.47</u>
Budget		\$ 6,111,890.95				
Appropriation by 40A:4-87		29,845.11				
Special Emergency		330,000.00				
Total		<u>\$ 6,471,736.06</u>				
Reserve for State & Federal Grants Appropriated			\$ 87,029.61			
Deferred Charges - Emergency			415,000.00			
Reserve for Uncollected Taxes			830,000.00			
Reimbursements			(67,276.75)			
Disbursed			4,769,479.99			
Total			<u>\$ 6,034,232.85</u>			

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF MILLSTONE
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	<u>2013</u>	<u>2012</u>
Animal Control Trust Fund:			
Cash	B-1	<u>\$ 125.20</u>	<u>\$ 128.78</u>
Total Animal Control Trust Fund		<u>125.20</u>	<u>128.78</u>
Other Funds:			
Cash - Treasurer	B-1	4,116,864.90	3,057,043.58
Open Space Grant Receivable	B	<u>183,000.00</u>	<u>-</u>
Total Other Funds		<u>4,299,864.90</u>	<u>3,057,043.58</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-5	<u>336,642.73</u>	<u>281,866.53</u>
Total Assets		<u><u>\$ 4,636,632.83</u></u>	<u><u>\$ 3,339,038.89</u></u>

**TOWNSHIP OF MILLSTONE
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2013	2012
Animal Control Trust Fund:			
Reserve for Animal Fund Expenditures	B-2	\$ 88.60	\$ 104.18
Reserve for Encumbrances	B	17.40	5.40
Due to State	B-3	19.20	19.20
		<u>125.20</u>	<u>128.78</u>
Total Animal Control Trust Fund			
Other Funds:			
Reserve for Self Insurance	B-4	22,022.01	-
Reserve for Snow Trust	B-4	50,000.00	-
Reserve for Basin Maintenance	B-4	161,032.81	167,452.86
Reserve for Master Trust	B-4	68,889.39	203,257.93
Reserve for Public Defender Fee	B-4	-	279.03
Reserve for POAA	B-4	39.00	31.00
Reserve for Builders Escrow Over \$5,000	B-4	458,316.25	594,593.50
Reserve for Builders Escrow Under \$5,000	B-4	129,960.26	158,795.00
Reserve for COAH	B-4	67,433.28	37,047.46
Reserve for Municipal Open Space	B-4	2,520,934.74	1,243,600.17
Reserve for Municipal Alliance	B-4	2,777.10	2,436.10
Reserve for Recreation	B-4	423,717.81	391,475.08
Reserve for Tax Sale Premium	B-4	194,550.00	184,950.00
Reserve for Veterans Memorial	B-4	10,203.55	10,761.05
Reserve for Shade Tree	B-4	14,440.00	14,440.00
Reserve for Payroll	B-4	-	-
Reserve for Encumbrances	B-4	175,548.70	47,924.40
		<u>4,299,864.90</u>	<u>3,057,043.58</u>
Total Other Funds			
Length of Service Awards Program Fund			
LOSAP- Unaudited:			
Reserve for Length of Services Awards Program (LOSAP)	B-5	336,642.73	281,866.53
		<u>336,642.73</u>	<u>281,866.53</u>
Total Liabilities, Reserves & Fund Balance			
		<u>\$ 4,636,632.83</u>	<u>\$ 3,339,038.89</u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Cash	C-1, C-3	\$ 244,960.71	\$ 638,871.95
Receivables With Full Reserves:			
Federal and State Grants and Aid Receivable	C-4	243,792.44	243,792.44
DOT Grant Receivable	C-4	270,308.30	349,058.30
Deferred Charges to Future Taxation:			
Funded	C-5	7,556,907.49	8,106,142.13
Unfunded	C-6	13,317,895.20	12,501,708.20
Total Assets		\$ 21,633,864.14	\$ 21,839,573.02
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-11	\$ 980,000.00	\$ 1,435,000.00
Refunding Bonds	C-12	6,120,000.00	6,120,000.00
Bond Anticipation Notes	C-10	11,480,282.00	11,358,185.00
Capital Improvement Fund	C-7	136.08	136.08
Improvement Authorizations:			
Funded	C-8	32,173.13	308,054.97
Unfunded	C-8	1,746,202.85	1,369,000.74
Reserve for Encumbrances	C-8	119,828.50	9,227.50
Preliminary Costs Payable	C-9	3,073.41	3,073.41
Green Trust Loan Payable	C-13	204,607.49	243,142.13
Lease Revenue Bonds Payable	C-14	252,300.00	308,000.00
Miscellaneous Reserves	C-15	-	1,613.01
Reserve for Federal and State Grants and Aid Receivable	C	243,792.44	243,792.44
Fund Balance	C-2	451,468.24	440,347.74
Total Liabilities, Reserves & Fund Balance		\$ 21,633,864.14	\$ 21,839,573.02

There were bonds and notes authorized but not issued on December 31, 2013 of \$1,837,613.20 and on December 31, 2012 was \$1,143,523.20 (Schedule C-16).

**TOWNSHIP OF MILLSTONE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	2013	2012
Land & Land Improvements	\$ 13,301,476.28	\$ 13,301,476.28
Buildings	4,445,113.40	4,432,866.40
Improvement Other Than Buildings	5,614,561.87	5,614,561.87
Machinery & Equipment	2,306,882.67	2,288,002.09
Total	\$ 25,668,034.22	\$ 25,636,906.64
FUND BALANCE		
Investment in General Fixed Assets	\$ 25,668,034.22	\$ 25,636,906.64

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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TOWNSHIP OF MILLSTONE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The municipality was formed and incorporated by an act of legislation on February 28, 1844. It contains a grand total of 23,700 acres or 37.36 miles of rolling countryside located in the heart of New Jersey.

The Millstone Township Committee is made up of five elected officials. Township residents elect a new committee-person every 3 years on the first Tuesday after the first Monday in November. At the Reorganization meeting each year (first meeting in January), the committee elects a Mayor and Deputy Mayor, each of whom serve a term of one year or until the election and qualification of a successor.

The Township Committee is Millstone's legislative body. It sets policies, approves budgets, determines municipal tax rates, and passes resolutions and ordinances to govern the town. The Committee also appoints citizen volunteers to advisory boards, committees, and commissions. The Committee may investigate the conduct of any department, officer or agency of the municipal government. They have full power of subpoena permitted by state statute.

Component Units

The Township of Millstone had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

Basis of Accounting, Measurement Focus and Basis of Presentation

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

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

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

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

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

TOWNSHIP OF MILLSTONE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies (continued)

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

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

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

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

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

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

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

TOWNSHIP OF MILLSTONE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies (continued)

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

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets Account Group, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly,

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Open Space Trust Fund, Fire District and the Millstone Township School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Millstone Township School District. Operations is charged for the full amount required to be raised from taxation to operate the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

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

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

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

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

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

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

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

Compensated Absences and Postemployment Benefits - Compensated absences for sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis. 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. Total liability for compensated absences is estimated, at December 31, 2013, to be \$53,730.41.

Subsequent Events - The Township has evaluated subsequent events occurring after December 31, 2013 through the date of May 29, 2014, which is the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2013, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 19,249,187.47
Total Deposits	<u>\$ 19,249,187.47</u>
The Township's Cash and Cash Equivalents are Reported as Follows:	
Current Fund	\$ 14,674,928.40
State & Federal Grant Fund	212,308.26
Animal Control Trust	125.20
Trust - Other	4,116,864.90
General Capital	<u>244,960.71</u>
Total Cash and Cash Equivalents	<u>\$ 19,249,187.47</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 2: Cash and Cash Equivalents (continued)

Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2013, the Township's bank balance of \$19,265,769.29 was insured or collateralized as follows:

Insured	\$	750,000.00
Uninsured and uncollateralized	\$	4,124,731.66
Collateralized in the Authority's Name Under GUDPA		<u>\$ 14,391,037.63</u>
 Total		 <u><u>\$ 19,265,769.29</u></u>

Note 3: Interfund Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2013:

	Due From	Due To
Current Fund	\$ -	\$ 2,025.76
Federal & State Grant Fund	2,025.76	-
	<u>\$ 2,025.76</u>	<u>\$ 2,025.76</u>

Note 4: Property Taxes

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

Comparison of Tax Rate Information:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Tax Rate	<u>\$2.590</u>	<u>\$2.586</u>	<u>\$2.293</u>
Apportionment of Tax Rate:			
Municipal	0.165	0.165	0.098
County	0.353	0.364	0.318
Local School	1.907	1.900	1.731
Fire District	0.105	0.097	0.086
Municipal Open Space	0.060	0.060	0.060

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note: 4: Property Taxes (continued)

Net Valuation Taxable:

2013	<u>\$ 1,567,289,829.00</u>		
2012		<u>\$ 1,566,095,806.00</u>	
2011			<u>\$ 1,773,530,068.00</u>

Comparison of Tax Levies and Collection Currently:

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2013	\$ 40,674,537.50	\$ 40,000,602.35	98.34%
2012	40,587,999.39	39,999,390.11	98.55%
2011	40,853,739.66	40,216,196.99	98.44%

Delinquent Taxes and Tax Title Liens:

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2013	\$ 213,069.71	\$ 643,714.47	\$ 856,784.18	2.11%
2012	\$ 225,305.08	\$ 564,422.62	\$ 789,727.70	1.95%
2011	\$ 207,274.00	\$ 600,882.00	\$ 808,156.00	1.98%

Note: 5: Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2013	\$ -
2012	-
2011	147,700

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6: Pension Plans and DCRP

A. Plan Description – P.E.R.S.

The Township of Millstone contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A*. The plan was set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 6C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.E.R.S. will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

TOWNSHIP OF MILLSTONE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2013

Note 6: Pension Plans and DCRP (continued)

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 6.5%, effective October 1, 2011, of employees’ annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in P.E.R.S. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits and post-retirement medical premiums.

The contribution requirements of plan members and are established and may be amended by the plan’s board of trustees. The Township’s contributions to P.E.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$154,530, \$158,059, and \$171,960, respectively, equal to the required contributions for each year.

E. Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. The employee contributions along with the Township's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Note 7: Other Post-Employment Benefits

Plan Description

The Township contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 7: Other Post-Employment Benefits (continued)

Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P.

The Township's defined benefit postemployment healthcare plan provides post-employment health care benefits, at its cost, to certain retired employees. For employees hired before July 1, 2010, the Township will cover the entire cost of post-retirement health benefits for the retiree and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and ten (10) continuous years or more of service with the Township of Millstone. Post-retirement benefits include Medicare reimbursement.

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Township on a monthly basis.

Note 8: Deferred Compensation Salary Account

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

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

Note 9: Length of Service Awards Program

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") to ensure retention of the Township's volunteer First Aid squad. The plan shall be construed under the laws of the State of

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 9: Length of Service Awards Program (continued)

New Jersey and is established with the intent that it meets the requirements of a “LOSAP” under section 457(e)11 of the Internal Revenue Code.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors.

As required by *N.J.A.C.5:30-14.49*, the Township must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The “LOSAP” account included on the financial statements has not been audited.

Note 10. Fixed Assets

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2013:

	December 31, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2013</u>
Land	\$ 13,301,476.28	\$ -	\$ -	\$ 13,301,476.28
Buildings	4,432,866.40	12,247.00	-	4,445,113.40
Improvements Other Than Buildings	5,614,561.87	-	-	5,614,561.87
Machinery & Equipment	<u>2,288,002.09</u>	<u>36,905.58</u>	<u>18,025.00</u>	<u>2,306,882.67</u>
Total	<u>\$ 25,636,906.64</u>	<u>\$ 49,152.58</u>	<u>\$ 18,025.00</u>	<u>\$ 25,668,034.22</u>

Note 11: Capital Debt

Summary of Debt:

<u>Issued</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Bond Anticipation Note Issued	\$ 11,480,282.00	\$ 11,358,185.00	\$ 11,600,732.00
Serial Bonds Payable	980,000.00	1,435,000.00	8,312,000.00
Refunding Bonds Payable	6,120,000.00	6,120,000.00	-
Green Trust Loan	<u>204,607.49</u>	<u>243,142.13</u>	<u>280,917.00</u>
Total Debt Issued	<u>18,784,889.49</u>	<u>19,156,327.13</u>	<u>20,193,649.00</u>
Authorized But Not Issued			
General Bonds and Notes	<u>1,837,613.20</u>	<u>1,143,523.20</u>	<u>692,273.00</u>
Total Authorized But Not Issued	<u>1,837,613.20</u>	<u>1,143,523.20</u>	<u>692,273.00</u>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,622,502.69</u>	<u>\$ 20,299,850.33</u>	<u>\$ 20,885,922.00</u>

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 11: Capital Debt (continued)

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

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 .765%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 35,375,000.00	\$ 35,375,000.00	\$ -
General Debt	20,622,502.69	6,870,357.49	13,752,145.20
	<hr/>	<hr/>	<hr/>
Total	\$ 55,997,502.69	\$ 42,245,357.49	\$ 13,752,145.20
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Net Debt, \$13,752,145.20 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,798,213,616 equals .765%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 62,937,476.56
Net Debt	<hr/> 13,752,145.20
Remaining Borrowing Power	<hr/> <hr/> \$ 49,185,331.36

General Debt - Bonds:

<u>Calender Year</u>	General Debt - Bonds		
	Interest	Principal	Total
2014	\$ 321,450.00	\$ 478,000.00	\$ 799,450.00
2015	297,550.00	502,000.00	799,550.00
2016	272,450.00	505,000.00	777,450.00
2017	252,250.00	525,000.00	777,250.00
2018	231,250.00	545,000.00	776,250.00
2019-2023	803,450.00	3,095,000.00	3,898,450.00
2024-2025	109,500.00	1,450,000.00	1,559,500.00
	<hr/> <hr/> \$ 2,287,900.00	<hr/> <hr/> \$ 7,100,000.00	<hr/> <hr/> \$ 9,387,900.00

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 11: Capital Debt (continued)

Green Trust Loan:

Calender Year	General Debt - Green Acres		
	Interest	Principal	Total
2014	\$ 3,897.00	\$ 39,309.19	\$ 43,206.19
2015	3,106.00	40,099.30	43,205.30
2016	2,300.00	40,905.29	43,205.29
2017	1,478.00	41,727.50	43,205.50
2018	640.00	42,566.21	43,206.21
	<u>\$ 11,421.00</u>	<u>\$ 204,607.49</u>	<u>\$ 216,028.49</u>

Note 12: Capital Lease

Calender Year	Capital Lease		
	Interest	Principal	Total
2014	\$ 12,615.00	\$ 58,500.00	\$ 71,115.00
2015	9,690.00	61,500.00	71,190.00
2016	6,615.00	64,500.00	71,115.00
2017	3,390.00	67,800.00	71,190.00
	<u>\$ 32,310.00</u>	<u>\$ 252,300.00</u>	<u>\$ 284,610.00</u>

Note 13: Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various 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 ten years. 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 an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

At December 31, 2013, the Township had the following outstanding bond anticipation notes:

Purpose	Maturity	Interest Rate	Amount
General Capital Fund	2/24/2014-9/22/2014	1.25%	\$ 4,814,532.00
Open Space Debt	2/24/14	1.25%	<u>\$ 6,665,750.00</u>
Total			<u>\$ 11,480,282.00</u>

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 14: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance Dec 31, 2013	2014 Budget Appropriation
Current Fund:		
Special Emergency	\$ 670,000	\$ 151,000

The appropriations in the 2014 Budget as adopted are not less than that required by the statutes.

Note 15: School Taxes

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

	Balance December 2013	Balance December 2012
Local School Taxes:		
Balance of Tax	\$ 14,938,829.00	\$ 14,877,546.00
Deferred	\$ 2,000,000.00	\$ 1,500,000.00
Taxes Payable	\$ 12,938,829.00	\$ 13,377,546.00

Note 16: Risk Management

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

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

TOWNSHIP OF MILLSTONE

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 17: 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.

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.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF CURRENT CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

	CURRENT	FEDERAL & STATE GRANT FUNDS
Balance December 31, 2012	\$ 15,651,132.57	\$ 205,545.72
Increased by Receipts:		
Tax Collector	\$ 40,730,297.32	\$ -
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	58,399.32	-
Grant Rec. & Approp. Res. Cancelled	2,552.61	-
Miscellaneous Revenue Not Anticipated	39,475.43	-
Revenue Accounts Receivable	1,932,292.62	-
Payroll Liabilities	1,890,984.13	-
Interfund Liquidated	-	784.45
Federal & State Grants Receivable	-	81,916.40
	44,654,001.43	82,700.85
Total Increases		
Total Receipts	60,305,134.00	288,246.57
Decreased by Disbursements:		
2013 Budget Appropriations	4,702,203.24	-
2012 Appropriation Reserves	318,147.05	-
Tax Overpayments	48,106.80	-
Fire District Taxes	1,642,610.00	-
Municipal Open Space Tax	940,490.78	-
County Taxes	5,525,396.44	-
County Share of Added & Omitted Taxes	12,535.35	-
Local District School Tax	29,816,372.00	-
Reserve for Storm Damage	722,715.60	-
Payroll Liabilities	1,890,984.13	-
Interfund Liquidated	9,344.21	-
Grant Rec. & Approp. Res. Cancelled	-	2,552.61
Reserve for Federal & State Grant Funds - Appropriated	-	73,385.70
	45,628,905.60	75,938.31
Total Disbursements		
Balance December 31, 2013	\$ 14,676,228.40	\$ 212,308.26

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF CASH AND RECONCILIATION
PER N.J.S.40A:5-5--COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	-
Increased by:			
Taxes Receivable	\$ 40,350,191.70		
Tax Title Lien Redeemed	29,935.81		
Special Charges Receivable	7,552.42		
Interest & Costs on Taxes	123,490.72		
Prepaid Taxes	219,126.67	40,730,297.32	
			<hr/>
Subtotal			40,730,297.32
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			<hr/>
			40,730,297.32
Balance December 31, 2013		<hr/> <hr/>	-

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

OFFICE	AMOUNT
Recreation Department	\$ 300.00
Tax Department	300.00
Municipal Court	500.00
Animal Licensing	200.00
	<hr/>
Total	<hr/> <hr/> \$ 1,300.00

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY
CHAPTER 128, P.L. 1976
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 399.32
Increased by:	
2013 Senior Citizen & Veteran Deductions per Tax Billing	<u>59,625.00</u>
Subtotal	60,024.32
Decreased by:	
Collections	<u>58,399.32</u>
Balance December 31, 2013	<u><u>\$ 1,625.00</u></u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2013**

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	ADDED TAXES	COLLECTIONS 2012	COLLECTIONS 2013	DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2013
2012	\$ 564,422.62	\$ -	\$ -	\$ -	\$ 565,037.93	\$ -	\$ -	\$ (5,129.03)	\$ -	\$ 4,513.72
Total	564,422.62	-	-	-	565,037.93	-	-	(5,129.03)	-	4,513.72
2013	-	40,595,157.01	79,380.49	208,153.46	39,785,153.77	59,625.00	17,034.26	(52,329.88)	17,700.14	639,200.75
Balance	\$ 564,422.62	\$ 40,595,157.01	\$ 79,380.49	\$ 208,153.46	\$ 40,350,191.70	\$ 59,625.00	\$ 17,034.26	\$ (57,458.91)	\$ 17,700.14	\$ 643,714.47

ANALYSIS OF 2013 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 40,595,157.01
Added & Omitted Taxes (54:4-63.1 et seq.)	<u>79,380.49</u>
Total	<u>\$ 40,674,537.50</u>
Tax Levy:	
Local District School Tax	\$ 29,877,655.00
County Taxes:	
County Tax	\$ 4,848,613.37
County Library Tax	310,884.16
County Health Tax	96,700.65
Open Space	269,198.26
Due County:	
Added & Omitted Taxes (R.S. 54.4-63.1 et seq.)	<u>11,344.44</u>
Total County Taxes	<u>5,536,740.88</u>
Fire District Taxes	1,642,610.00
Local Tax for Municipal Purpose	2,590,456.72
Local Open Space Tax	940,490.78
Add: Additional Tax Levied	<u>86,584.12</u>
Local Tax for Municipal Purposes Levied	<u>5,260,141.62</u>
Total	<u>\$ 40,674,537.50</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 225,305.38
Increased by:	
Transfer from Taxes Receivable	<u>17,700.14</u>
	243,005.52
Decreased by:	
Liens Redeemed	<u>29,935.81</u>
Balance December 31, 2013	<u><u>\$ 213,069.71</u></u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ACCRUED	COLLECTED BY TREASURER	COLLECTED BY COLLECTOR	BALANCE DECEMBER 31, 2013
Licenses:					
Alcoholic Beverages	\$ -	\$ 7,260.00	\$ 7,260.00	\$ -	\$ -
Fees & Permits	-	23,601.89	23,601.89	-	-
Fines & Costs:					
Municipal Court	5,107.38	113,216.50	112,022.08	-	6,301.80
Interest on Costs & Taxes	-	123,490.72	-	123,490.72	-
Interest on Investments & Deposit	-	188,445.03	188,445.03	-	-
Interlocal Service Agreement:					
Roosevelt Court Fees	-	12,000.00	12,000.00	-	-
Interlocal Service Agreement:					
Millstone Board of Education	-	10,209.38	10,209.38	-	-
Uniform Construction Code Fees	-	424,638.00	424,638.00	-	-
Energy Receipts Tax	-	821,546.00	821,546.00	-	-
Cable Franchise Fees	-	98,205.00	98,205.00	-	-
Verizon Franchise Fees	-	28,850.64	28,850.64	-	-
FEMA Reimbursement	-	205,514.60	205,514.60	-	-
Total	<u>\$ 5,107.38</u>	<u>\$ 2,056,977.76</u>	<u>\$ 1,932,292.62</u>	<u>\$ 123,490.72</u>	<u>\$ 6,301.80</u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31 2012	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT:				
Mayor & Township Committee:				
Salaries and Wages	\$ 231.00	\$ 231.00	\$ -	\$ 231.00
Other Expenses	80.27	80.27	35.17	45.10
General Administration:				
Salaries and Wages	5,504.21	4.21	-	4.21
Other Expenses	21,460.95	19,060.95	8,543.79	10,517.16
Municipal Clerk:				
Salaries and Wages	3,439.26	439.26	-	439.26
Other Expenses	4,271.70	4,271.70	1,484.91	2,786.79
Financial Administration:				
Salaries and Wages	646.60	646.60	-	646.60
Other Expenses	4,046.16	4,046.16	4,022.98	23.18
Audit Services:				
Other Expenses	1,100.00	1,100.00	-	1,100.00
Collection of Taxes:				
Salaries and Wages	2,622.33	122.33	-	122.33
Other Expenses	1,222.17	1,222.17	-	1,222.17
Assessment of Taxes:				
Salaries and Wages	366.90	366.90	-	366.90
Other Expenses	1,136.89	1,136.89	11.16	1,125.73
Legal Services & Costs:				
Other Expenses	42,224.69	42,224.69	10,651.60	31,573.09
Engineering Services & Costs:				
Other Expenses	14,855.78	14,855.78	6,125.00	8,730.78
Historical Preservation Committee:				
Other Expenses	128.00	128.00	-	128.00
Veterans Memorial Committee:				
Other Expenses	226.40	226.40	85.00	141.40
Open Space Farmland Preservation Council:				
Salaries and Wages	2,740.49	240.49	-	240.49
Other Expenses	2,733.80	2,733.80	736.44	1,997.36
Agriculture:				
Other Expenses	1,412.92	1,412.92	-	1,412.92
Municipal Land Use Law (N.J.S. 40:55D-1):				
Planning Board:				
Salaries and Wages	688.97	188.97	-	188.97
Other Expenses	4,778.87	4,778.87	3,855.93	922.94
Zoning Board of Adjustment:				
Salaries and Wages	1,363.97	363.97	-	363.97
Other Expenses	1,555.97	1,555.97	900.00	655.97
INSURANCE:				
Employee Group Health Insurance	16,837.45	19,237.45	18,462.00	775.45
Unemployment Insurance	2,418.43	18.43	-	18.43

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Emergency Management Service:				
Other Expenses	4,974.63	1,974.63	773.48	1,201.15
Aid to Volunteer Ambulance Companies:				
Other Expenses	6,000.00	6,000.00	6,000.00	-
Municipal Court:				
Salaries and Wages	10,980.30	480.30	-	480.30
Other Expenses	5,289.58	5,289.58	2,204.47	3,085.11
Public Defender:		-		
Other Expenses	2,139.00	2,139.00	-	2,139.00
Municipal Prosecutor:				
Salaries and Wages	20.00	20.00	-	20.00
PUBLIC WORKS FUNCTIONS				
Street & Road Maintenance:				
Salaries and Wages	8,848.13	248.13	-	248.13
Other Expenses	160,165.13	218,165.13	199,710.66	18,454.47
Shade Tree Commission:				
Other Expenses	3,980.54	3,980.54	3,458.00	522.54
Sanitation:				
Salaries and Wages	6,026.55	26.55	-	26.55
Other Expenses	3,118.92	3,118.92	571.76	2,547.16
Buildings & Grounds:				
Other Expense	24,483.04	24,483.04	12,364.96	12,118.08
Vehicle Maintenance:				
Other Expense	25,927.56	25,927.56	11,548.62	14,378.94
HEALTH & HUMAN SERVICES				
Senior Transportation:				
Other Expenses	2,025.00	2,025.00	1,705.00	320.00
Environmental Commission:				
Salaries and Wages	300.00	300.00	-	300.00
Other Expenses	3,536.23	3,536.23	17.98	3,518.25
PARKS & RECREATION FUNCTIONS:				
Recreation Commission:				
Salaries and Wages	153.36	153.36	-	153.36
Other Expenses	49.34	449.34	353.93	95.41
Maintenance of Parks:				
Other Expenses	374.57	374.57	-	374.57
Celebration of Public Events:				
Other Expenses	3,273.35	3,273.35	977.28	2,296.07
UTILITY EXPENSES & BULK PURCHASES:				
Electricity	14,380.18	14,380.18	4,935.09	9,445.09
Street Lighting	13,067.99	13,067.99	8,669.06	4,398.93
Telephone	4,124.82	4,124.82	1,552.68	2,572.14
Gas	2,737.90	3,337.90	3,303.53	34.37
Gasoline	32,655.96	32,655.96	3,034.67	29,621.29

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
LANDFILL/SOLID WASTE DISPOSAL COSTS:				
Landfill Tipping Fees				
Other Expenses	0.25	0.25	-	0.25
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):				
State Uniform Construction Code:				
Construction Official:				
Salaries and Wages	2,630.28	130.28	-	130.28
Other Expenses	2,683.58	2,683.58	566.90	2,116.68
Other Code Enforcement:				
Salaries and Wages	1,205.89	205.89	-	205.89
Other Expenses	923.40	923.40	-	923.40
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:				
Animal Control Services:				
Other Expenses	1,710.00	1,710.00	1,485.00	225.00
DEFERRED CHARGES & STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I)	10,094.37	94.37	-	94.37
Defined Contribution Retirement Program	247.91	247.91	-	247.91
<hr/>				
Total General Appropriations for Municipal Purposes within Caps	496,221.94	496,221.94	318,147.05	178,074.89
<hr/>				
OPERATIONS EXCLUDED FROM "CAPS":				
Length of Service Awards Program (LOSAP):				
Other Expenses	2,310.00	2,310.00	-	2,310.00
Local Matching Funds for Grants	7,500.00	7,500.00	-	7,500.00
Municipal Alliance Local Matching	530.31	530.31	-	530.31
Supplemental Fire Services Program	1,978.00	1,978.00	1,978.00	-
<hr/>				
Total General Appropriations excluded from Caps	12,318.31	12,318.31	1,978.00	10,340.31
<hr/>				
Total	\$ 508,540.25	\$ 508,540.25	\$ 320,125.05	\$ 188,415.20
<hr/>				
2012 Appropriation Reserves	\$ 206,315.38			
2012 Encumbrances	302,224.87			
<hr/>				
Total	\$ 508,540.25			
<hr/>				
Accounts Payable			\$ 1,978.00	
Disbursements			318,147.05	
			<hr/>	
Total			\$ 320,125.05	
			<hr/>	

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 208,153.46
Increased by:	
Collection of 2014 Taxes	<u>219,126.67</u>
Subtotal	427,280.13
Decreased by:	
Applied to 2013 Taxes	<u>208,153.46</u>
Balance December 31, 2013	<u><u>\$ 219,126.67</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 24,320.11
Increased by:	
Overpayments Created	<u>50,229.72</u>
Subtotal	74,549.83
Decreased by:	
Refunded	<u>48,106.80</u>
Balance December 31, 2013	<u><u>\$ 26,443.03</u></u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	-
Increased by:			
2013 Levy:			
County Tax	\$ 4,848,613.37		
County Library Tax	310,884.16		
County Health Tax	96,700.65		
County Open Space Tax	269,198.26		5,525,396.44
			<hr/>
Subtotal			5,525,396.44
Decreased by:			
Payments			5,525,396.44
			<hr/>
Balance December 31, 2013		\$	-
			<hr/> <hr/>

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012			
Added Taxes (2012)		\$	12,535.35
Increase by County Share of 2013 Levy:			
Added (R.S. 54:4-63.1 et seq.)			11,344.44
			<hr/>
Subtotal			23,879.79
Decreased by:			
Payments:			
Added Taxes (2012)			12,535.35
			<hr/>
Balance December 31, 2013:			
Added Taxes (2013)		\$	11,344.44
			<hr/> <hr/>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012:		
School Tax Payable	\$ 13,377,546.00	
School Tax Deferred	<u>1,500,000.00</u>	\$ 14,877,546.00
Increased by Local District School's Share of 2013 Levy:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>29,877,655.00</u>
Subtotal		44,755,201.00
Decreased by Payments:		
Payments		<u>29,816,372.00</u>
Balance December 31, 2013:		
School Tax Payable	12,938,829.00	
School Tax Deferred	<u>2,000,000.00</u>	<u>14,938,829.00</u>
Total		<u><u>\$ 14,938,829.00</u></u>
2013 Liability for Local District School Tax:		
Tax Paid		\$ 29,816,372.00
Tax Payable December 31, 2013		<u>12,938,829.00</u>
Subtotal		42,755,201.00
Less: Tax Payable December 31, 2012		<u>13,377,546.00</u>
Amount Charged to 2013 Operations		<u><u>\$ 29,377,655.00</u></u>

**TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SSCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012	ACCRUED	RECEIVED	CANCELLED	FROM UNAPPROPRIATED RESERVES	BALANCE DECEMBER 31, 2013
State Grants:						
Gypsy Moth - 2008	\$ 4,972.84	\$ -	\$ -	4,972.84	\$ -	\$ -
Historical Preservation - ME Church - 2011	5,275.00	-	-	-	-	5,275.00
Historical Preservation - ME Church - 2012	6,000.00	-	-	-	-	6,000.00
Municipal Alliance on Alcoholism & Drug Abuse - 2012	10,750.00	-	9,733.74	1,016.26	-	-
Municipal Alliance on Alcoholism & Drug Abuse - 2013	-	13,607.00	3,561.80	-	-	10,045.20
Clean Communities Grant - 2013	-	35,675.75	35,675.75	-	-	-
Green Communities Grant - 2013	-	3,000.00	-	-	-	3,000.00
ANJEC- Sign Grant - 2013	-	1,500.00	1,000.00	-	-	500.00
Alcohol Ed. & Rehab. Grant - 2013	-	527.75	527.75	-	-	-
Recycling Tonnage Grant - 2013	-	6,417.36	6,417.36	-	-	-
Recreational Trails (West Trail) - 2008	25,000.00	-	25,000.00	-	-	-
Recreation Trails Grant (Doctors Creek) - 2011	-	22,900.00	-	-	-	22,900.00
Total State Grants	51,997.84	83,627.86	81,916.40	5,989.10	-	47,720.20
Total	\$ 51,997.84	\$ 83,627.86	\$ 81,916.40	\$ 5,989.10	\$ -	\$ 47,720.20
Cash Receipts			<u>\$ 81,916.40</u>			
Total			<u>\$ 81,916.40</u>			

**TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012	TRANSFERRED FROM 2013 BUDGET	RESERVE FOR ENCUMBRANCES	PAID OR CHARGED	REIMBURSEMENT APPROPRIATIONS	CANCELLED APPROPRIATIONS	BALANCE DECEMBER 31, 2013
	\$	\$	\$	\$	\$	\$	\$
State Grants:							
Alcohol Ed. & Rehab. Grant - 2009	185.64	-	-	-	-	-	185.64
Alcohol Ed. & Rehab. Grant - 2010	201.09	-	-	-	-	-	201.09
Alcohol Ed. & Rehab. Grant - 2011	107.87	-	-	-	-	-	107.87
Alcohol Ed. & Rehab. Grant - 2013	-	527.75	-	-	-	-	527.75
Clean Communities Grant - 2010	6,255.24	-	-	6,255.24	-	-	-
Clean Communities Grant - 2011	14,938.74	-	-	14,938.74	-	-	-
Clean Communities Grant - 2012	318.07	-	2,000.00	2,318.07	-	-	-
Clean Communities Grant - 2013	-	35,675.75	-	25,596.41	-	-	10,079.34
CDBG - 2007 (ADA Brandywine)	44,962.67	-	-	-	-	-	44,962.67
Green Communities - 2008	109.78	-	-	-	-	109.78	-
Green Communities - 2013	-	3,000.00	-	2,282.50	-	-	717.50
Gypsy Moth - 2006	2,415.67	-	-	-	-	2,415.67	-
Historical Presevation - ME Church - 2011	5,275.00	-	-	-	-	-	5,275.00
Historical Presevation - ME Church - 2012	6,000.00	-	-	-	-	-	6,000.00
Municipal Alliance on Alcoholism & Drug Abuse - 2012	1,003.92	-	4,866.32	4,853.98	-	1,016.26	-
Municipal Alliance on Alcoholism & Drug Abuse - 2013	-	13,607.00	-	10,705.82	-	-	2,901.18
NJ Transportation Trust Fund - 2003	12,343.43	-	-	-	-	-	12,343.43
NJ Transportation Trust Fund - 2006	57,188.97	-	-	-	-	-	57,188.97
NJ Transportation Trust Fund - 2007	60,777.50	-	-	-	-	-	60,777.50
Recycling Tonnage Grant - 2012	5,183.14	-	-	5,183.14	-	-	-
Recycling Tonnage Grant - 2013	-	6,417.36	-	1,029.30	-	-	5,388.06
Cablevision Technology Grant - 2010	4,008.00	-	-	1,610.00	-	-	2,398.00
Cablevision Technology Grant - 2011	1,428.00	-	-	-	-	-	1,428.00
NJ Environmental Commission - 2006	5,000.00	-	-	-	-	5,000.00	-
Recreation Trails (West Trail) - 2008	11,699.51	-	-	-	2,200.00	-	13,899.51
Recreation Trails Grant (Doctors Creek) - 2011	-	22,900.00	-	11,643.93	-	-	11,256.07
ANJEC - Sign Grant - 2013	-	1,500.00	-	1,375.00	-	-	125.00
Total State Grants	239,402.24	83,627.86	6,866.32	87,792.13	2,200.00	8,541.71	235,762.58

**TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

PROGRAM	BALANCE DECEMBER 31, 2012	TRANSFERRED FROM 2013 BUDGET	RESERVE FOR ENCUMBRANCES	PAID OR CHARGED	REIMBURSEMENT APPROPRIATIONS	CANCELLED APPROPRIATIONS	BALANCE DECEMBER 31, 2013
Municipal Share/ Local:							
Historical Presevation - ME Church - 2011	5,275.00	-	-	-	-	-	5,275.00
Historical Presevation - ME Church - 2012	6,000.00	-	-	-	-	-	6,000.00
Municipal Alliance on Alcoholism & Drug Abuse - 2013	-	3,401.75	-	2,175.99	-	-	1,225.76
Municipal Alliance on Alcoholism & Drug Abuse - 2012	-	-	784.45	-	-	-	784.45
Total Local Grants	11,275.00	3,401.75	784.45	2,175.99	-	-	13,285.21
Total All Grants	\$ 250,677.24	\$ 87,029.61	\$ 7,650.77	\$ 89,968.12	\$ 2,200.00	\$ 8,541.71	\$ 249,047.79

Reserve for Encumbrances
Interfund - Current Fund
Cash Disbursements

Total

\$ 13,006.43
1,375.99
75,585.70

\$ 89,968.12

TRUST FUND

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**TOWNSHIP OF NORTH HANOVER
TRUST FUND
STATEMENT OF TRUST CASH
PER N.J.S.40A:5-5-TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ANIMAL CONTROL TRUST FUND	OTHER FUNDS
Balance December 31, 2012	\$ 128.78	\$ 3,057,043.58
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 9,431.20	-
Due State of New Jersey	1,411.20	-
Reserve for Self Insurance	-	44,102.24
Reserve for Snow Trust	-	50,000.00
Reserve for Basin Maintenance	-	-
Reserve for Master Trust	-	5,048.83
Reserve for Public Defender Fee	-	1,730.58
Reserve for POAA	-	8.00
Reserve for Builders Escrow Over \$5,000	-	21,485.18
Reserve for Builders Escrow Under \$5,000	-	51,418.26
Reserve for COAH	-	66,221.04
Reserve for Municipal Open Space	-	1,476,004.35
Reserve for Recreation	-	360,839.87
Reserve for Municipal Alliance	-	341.00
Reserve for Tax Sale Premium	-	417,704.71
Reserve for Veterans Memorial	-	1,200.00
Reserve for Shade Tree	-	-
Reserve for Payroll	-	1,890,984.13
Total Increase	<u>10,842.40</u>	<u>4,387,088.19</u>
Total Receipts	<u>10,971.18</u>	<u>7,444,131.77</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	9,434.78	-
Prior Year Encumbrances	-	47,924.40
Due State of New Jersey	1,411.20	-
Reserve for Self Insurance	-	20,515.85
Reserve for Snow Trust	-	-
Reserve for Basin Maintenance	-	6,420.05
Reserve for Master Trust	-	139,417.37
Reserve for Public Defender Fee	-	2,009.61
Reserve for POAA	-	-
Reserve for Builders Escrow Over \$5,000	-	157,762.43
Reserve for Builders Escrow Under \$5,000	-	80,253.00
Reserve for COAH	-	35,835.22
Reserve for Municipal Open Space	-	232,699.58
Reserve for Recreation	-	305,340.52
Reserve for Municipal Alliance	-	-
Reserve for Tax Sale Premium	-	408,104.71
Reserve for Veterans Memorial	-	-
Reserve for Shade Tree	-	-
Reserve for Payroll	-	1,890,984.13
Total Disbursements	<u>10,845.98</u>	<u>3,327,266.87</u>
Balance December 31, 2013	<u>\$ 125.20</u>	<u>\$ 4,116,864.90</u>

**TOWNSHIP OF MILLSTONE
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 104.18
Increased by:	
Collections:	
Dog License Fees Collected by Clerk	9,431.20
Subtotal	9,535.38
Decreased by:	
Encumbrance Payable	12.00
Expenditures Under R.S.4:19-15.11--Cash	9,434.78
Balance December 31, 2013	\$ 88.60

LICENSE FEES COLLECTED

YEAR	AMOUNT
2012	\$ 6,547.20
2011	6,600.00
Total	\$ 13,147.20

**ANIMAL CONTROL TRUST
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 19.20
Increased by:	
2013 Animal License Fees	1,411.20
Subtotal	1,430.40
Decreased by:	
Fees paid to State	1,411.20
Balance December 31, 2013	\$ 19.20

**TOWNSHIP OF MILLSTONE
TRUST OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance December 31, 2012	Increased by Revenues	Decrease by Expenditures	Balance December 31, 2013
Self Insurance Trust	\$ -	\$ 44,102.24	\$ 22,080.23	\$ 22,022.01
Snow Removal Trust	-	50,000.00	-	50,000.00
Basin Maintenance Trust	167,452.86	-	6,420.05	161,032.81
Other Developers Trust	203,257.93	5,048.83	139,417.37	68,889.39
Public Defender Trust	279.03	1,730.58	2,009.61	-
POAA Trust	31.00	8.00	-	39.00
Builders Escrow - Greater than 5k	594,593.50	21,485.18	157,762.43	458,316.25
Builders Escrow - Less than 5k	158,795.00	51,418.26	80,253.00	129,960.26
COAH Trust	37,047.46	66,221.04	35,835.22	67,433.28
Open Space Trust	1,243,600.17	1,659,004.35	381,669.78	2,520,934.74
Municipal Alliance	2,436.10	341.00	-	2,777.10
Recreation Trust	391,475.08	360,839.87	328,597.14	423,717.81
Tax Sale Premium	184,950.00	417,704.71	408,104.71	194,550.00
Veterans Memorial Trust	10,761.05	1,200.00	1,757.50	10,203.55
Shade Tree Trust	14,440.00	-	-	14,440.00
Payroll	-	1,890,984.13	1,890,984.13	-
Total Reserves	<u>\$ 3,009,119.18</u>	<u>\$ 4,570,088.19</u>	<u>\$ 3,454,891.17</u>	<u>\$ 4,124,316.20</u>
Receipts		\$ 4,570,088.19	\$ -	
Disbursements		-	3,279,342.47	
Reserve for Encumbrances		-	175,548.70	
		<u>\$ 4,570,088.19</u>	<u>\$ 3,454,891.17</u>	

**TOWNSHIP OF MILLSTONE
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR LENGTH OF
SERVICE AWARDS PROGRAM (LOSAP) - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 281,866.53
Increased by:	
Township Contributions to Trustee	14,697.00
Gain on Contributions	<u>40,829.20</u>
Subtotal	337,392.73
Decreased by:	
Account Charge	<u>750.00</u>
Balance December 31, 2013	<u><u>\$ 336,642.73</u></u>

GENERAL CAPITAL FUND

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**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH
PER N.J.S.40A:5-5-TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 638,871.95
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 56,250.00	
Unfunded Expenditures Raised in Budget	18,410.00	
Bond Anticipation Note Premium	9,507.49	
DOT Grant Receivable	243,750.00	
Bond Anticipation Note Proceeds	356,250.00	684,167.49
		<hr/>
Subtotal		1,323,039.44
Decreased by Disbursements:		
Improvement Authorizations		<u>1,078,078.73</u>
Balance December 31, 2013		<u><u>\$ 244,960.71</u></u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 440,347.74
Increased by:		
Premium on Sale of Notes	\$ 9,507.49	
Cancellation of Reserve Balance	1,613.01	11,120.50
Balance December 31, 2013		<u>\$ 451,468.24</u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE		RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE	
	DECEMBER 31, 2012		GRANTS	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	TO		DECEMBER 31, 2013
Fund Balance	\$ 440,347.74	\$ -	\$ 9,507.49	\$ -	\$ -	\$ -	\$ -	\$ 1,613.01	\$ 451,468.24	
Capital Improvement Fund	136.08	-	56,250.00	-	-	-	56,250.00	-	136.08	
Miscellaneous Reserves	1,613.01	-	-	-	-	-	1,613.01	-	-	
Preliminary Costs Payable	3,073.41	-	-	-	-	-	-	-	3,073.41	
Grants Receivable	(349,058.30)	243,750.00	-	-	-	-	165,000.00	-	(270,308.30)	
Reserve for Encumbrances	9,227.50	-	-	-	-	-	9,227.50	119,828.50	119,828.50	
IMPROVEMENT AUTHORIZATIONS:										
ORDINANCE										
NUMBER	IMPROVEMENT DESCRIPTION									
01-34	242.26	-	-	-	242.26	-	-	-	-	-
01-43	5,560.00	-	-	-	-	-	-	-	5,560.00	
06-23	1,316.82	-	-	-	774.96	-	-	-	541.86	
07-16	72,161.92	-	-	-	-	-	-	-	72,161.92	
08-07	(3,523.20)	-	3,523.20	-	-	-	-	-	-	
08-22	10,525.90	-	-	8,044.06	-	-	1,203.00	-	1,278.84	
08-29	(15,231.80)	-	-	14,886.80	-	-	-	-	(345.00)	
10-33	21,750.00	-	-	-	-	-	-	-	21,750.00	
11-03	154,566.11	-	-	43,604.14	-	-	8,500.00	8,500.00	110,961.97	
12-11	281,896.50	-	356,250.00	621,736.88	-	-	-	727.50	17,137.12	
12-12	4,268.00	-	-	53.00	-	-	-	-	4,215.00	
13-16	-	-	-	15,956.51	-	-	-	2,500.00	(13,456.51)	
13-17	-	-	-	567.00	-	-	-	4,750.00	4,183.00	
13-18	-	-	-	42,679.48	-	-	49,300.00	5,250.00	(86,729.48)	
13-19	-	-	-	334,305.10	-	-	60,825.50	196,750.00	(198,380.60)	
13-20	-	-	-	10,115.34	-	-	-	12,000.00	1,884.66	
Total	\$ 638,871.95	\$ 243,750.00	\$ 440,417.49	\$ 1,078,078.73	\$ -	\$ -	\$ 351,919.01	\$ 351,919.01	\$ 244,960.71	

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF FEDERAL AND STATE GRANTS AND AID RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>ORDINANCE NUMBER</u>	BALANCE DECEMBER 31, 2013
Grants with Offsetting Reserves:		
Green Acres:		
Acquisition of Land for Open Space	08-05	\$ 243,792.44
Grants without Offsetting Reserves:		
New Jersey Department of Transportation:		
2011 Road Program	11-03	24,058.30
2012 Road Program	12-11	81,250.00
2013 Road Program	13-19	<u>165,000.00</u>
		<u><u>\$ 514,100.74</u></u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 8,106,142.13
Decreased by:		
2013 Budget Appropriation to Pay Debt:		
General Serial Bonds & Loans	\$ 510,700.00	
Open Space Trust to Pay loans	38,534.64	549,234.64
		<u><u>\$ 7,556,907.49</u></u>
Balance December 31, 2013		<u><u>\$ 7,556,907.49</u></u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATION	FUNDED BY			ANALYSIS OF BALANCE				
				CURRENT FUND BUDGET	APPROPRIATION	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2013	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATIONS	
01-34	Renovations to the Clarksburg School	\$ 1,229.92	\$ -	\$ -	\$ 47.24	\$ 1,182.68	\$ -	\$ -	\$ -	\$ -	\$ -
01-43	Acquisition of Development Rights to the Buono Property	5,349.15	-	-	70.38	5,278.77	-	5,278.77	-	-	-
06-12	Park Improvements	443,302.51	-	-	17,034.48	426,268.03	-	426,268.03	-	-	-
06-13	2006 Road Improvement Program	1,140,811.97	-	-	31,666.72	1,109,145.25	-	1,109,145.25	-	-	-
06-21	Brandywine Park Improvements	170,570.76	-	-	6,551.72	164,019.04	-	164,019.04	-	-	-
06-22	Acquisition of Public Works Vehicles	193,518.01	-	-	31,666.67	161,851.34	-	161,851.34	-	-	-
06-23	Various Improvements	87,079.68	-	-	4,284.79	82,794.89	-	82,794.89	-	-	-
07-15	2007 Road Improvements	925,640.45	-	-	24,359.55	901,280.90	-	901,280.90	-	-	-
07-16	Park Improvements - Phase II	190,000.00	-	-	-	190,000.00	-	190,000.00	-	-	-
08-04	Acquisition of Development Easements	637,706.28	-	-	8,277.72	629,428.56	-	629,428.56	-	-	-
08-05	Acquisition of Land for Open Space Purposes	3,307,289.53	-	-	49,156.11	3,258,133.42	-	3,258,133.42	-	-	-
08-06	Acquisition of Development Easements for Open Space Purposes	1,224,768.73	-	-	16,363.14	1,208,405.59	-	1,208,405.59	-	-	-
08-07	Acquisition of Development Easements for Open Space Purposes	1,593,960.66	-	3,523.20	20,655.03	1,569,782.43	-	1,569,782.43	-	-	-
08-19	2008 Road Improvement Program	306,923.08	-	-	8,076.92	298,846.16	-	298,846.16	-	-	-
08-20	Acquisition of Public Works Vehicles and Equipment	291,333.33	-	-	12,666.67	278,666.66	-	278,666.66	-	-	-
08-21	ADA Improvements to Abate Park	91,724.14	-	-	3,275.86	88,448.28	-	88,448.28	-	-	-
08-22	Site Improvements - Municipal Program	71,250.00	-	-	-	71,250.00	-	71,250.00	-	-	-
08-29	Stormwater Management/Washing Facility/Pole Barn	275,500.00	-	14,886.80	-	260,613.20	-	260,613.20	345.00	-	260,268.20
09-16	2009 Road Improvement Program	57,000.00	-	-	-	57,000.00	-	57,000.00	-	-	-
10-03	Acquisition of Real Property	337,250.00	-	-	-	337,250.00	-	337,250.00	-	-	-
10-21	2010 Road Improvement Program	47,500.00	-	-	-	47,500.00	-	47,500.00	-	-	-
10-33	Acquisition of Real Property	413,250.00	-	-	-	413,250.00	-	413,250.00	-	-	413,250.00
11-03	2011 Road Improvement Program	237,500.00	-	-	-	237,500.00	-	237,500.00	-	-	-
12-11	2012 Road Improvement Program	356,250.00	-	-	-	356,250.00	-	356,250.00	-	-	-
12-12	Acquisition of Public Works Vehicles and Equipment	95,000.00	-	-	-	95,000.00	-	95,000.00	-	-	95,000.00
13-16	Technology Upgrades	-	47,500.00	-	-	47,500.00	-	47,500.00	-	-	34,043.49
13-17	Acquisition of Public Works Vehicles & Equipment	-	90,250.00	-	-	90,250.00	-	90,250.00	13,456.51	-	90,250.00

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	FUNDED BY					ANALYSIS OF BALANCE		
		BALANCE DECEMBER 31, 2012	2013 AUTHORIZATION	CURRENT FUND BUDGET APPROPRIATION	NOTES PAID BY BUDGET AUTHORIZATIONS	BALANCE DECEMBER 31, 2013	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
13-18	Acquisition/Installation of Generators	-	99,750.00	-	-	99,750.00	-	86,729.48	13,020.52
13-19	2013 Road Improvement Program	-	603,250.00	-	-	603,250.00	-	198,380.60	404,869.40
13-20	ME Church Improvements	-	228,000.00	-	-	228,000.00	-	-	228,000.00
	Total	\$ 12,501,708.20	\$ 1,068,750.00	\$ 18,410.00	\$ 234,153.00	\$13,317,895.20	\$ 11,480,282.00	\$ 298,911.59	\$ 1,538,701.61

Improvement Authorizations - Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes:

ORDINANCE NUMBER	Amount
01-43	Acquisition of Development Rights to the Buono Property
06-23	Various Improvements
07-16	Park Improvements - Phase II
08-22	Site Improvements for Municipal Projects
11-03	2011 Road Improvement Program
12-11	2012 Road Improvement Program
	Total
	\$ 1,746,202.85

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 136.08
Increased by:	
2013 Budget Appropriation	<u>56,250.00</u>
Subtotal	56,386.08
Decreased by:	
2013 Appropriated to Finance Improvement Authorizations:	<u>56,250.00</u>
Balance December 31, 2013	<u><u>\$ 136.08</u></u>

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2013

IMPROVEMENT DESCRIPTION	ORDINANCE NUMBER	DATE	AMOUNT	BALANCE DECEMBER 31, 2012		CAPITAL IMPROVEMENT FUND	GRANTS RECEIVABLE	DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED	CURRENT YEAR ENCUMBRANCES	RESERVE FOR ENCUMBRANCES	CASH		BALANCE DECEMBER 31, 2013	
				FUNDED	UNFUNDED						EXPENDED	UNFUNDED		
General Improvements:														
Renovations to Clarksburg School	01-34	9/5/2001	\$ 400,000.00	\$ -	\$ 242.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242.26	\$ -	\$ -	\$ -
Acquisition of Development Rights - Buono Property	01-43	12/19/2001	533,000.00	140.47	5,419.53	-	-	-	-	-	-	140.47	-	5,419.53
Various Improvements	06-23	6/21/2006	105,000.00	-	1,316.82	-	-	-	-	-	774.96	-	-	541.86
Park Improvements - Phase II	07-16	7/18/2007	200,000.00	-	72,161.92	-	-	-	-	-	-	-	-	72,161.92
Site Improvements - Municipal Projects	08-22	7/2/2008	75,000.00	-	10,525.90	-	-	-	1,203.00	-	8,044.06	-	-	1,278.84
Stormwater Management/Washing Facility/Pole Ban	08-29	11/5/2008	290,000.00	-	260,268.20	-	-	-	-	-	-	-	-	260,268.20
Acquisition of Real Property (COAH)	10-33	12/15/2010	435,000.00	21,750.00	413,250.00	-	-	-	-	-	-	21,750.00	-	413,250.00
2011 Road Improvement Program	11-03	4/6/2011	550,000.00	-	154,566.11	-	-	-	8,500.00	8,500.00	43,604.14	-	-	110,961.97
2012 Road Improvement Program	12-11	7/18/2012	700,000.00	281,896.50	356,250.00	-	-	-	727.50	727.50	621,736.88	-	-	17,137.12
Acquisition of Public Works Vehicles & Equipment	12-12	7/18/2012	100,000.00	4,268.00	95,000.00	-	-	-	-	-	53.00	4,215.00	-	95,000.00
Technology Upgrades	13-16	7/17/2013	50,000.00	-	-	2,500.00	-	47,500.00	-	-	15,956.51	-	-	34,043.49
Acquisition of Public Works Vehicles & Equipment	13-17	7/17/2013	95,000.00	-	-	4,750.00	-	90,250.00	-	-	567.00	4,183.00	-	90,250.00
Acquisition/Installation of Generators	13-18	7/17/2013	105,000.00	-	-	5,250.00	-	99,750.00	49,300.00	-	42,679.48	-	-	13,020.52
2013 Road Improvement Program	13-19	7/17/2013	800,000.00	-	-	31,750.00	165,000.00	603,250.00	60,825.50	-	334,305.10	-	-	404,869.40
ME Church Improvements	13-20	8/7/2013	240,000.00	-	-	12,000.00	-	228,000.00	-	-	10,115.34	1,884.66	-	228,000.00
Total			\$ 308,054.97	\$ 1,369,000.74	\$ 56,250.00	\$ 165,000.00	\$ 1,068,750.00	\$ 119,828.50	\$ 9,227.50	\$ 1,078,078.73	\$ 32,173.13	\$ 1,746,202.85		

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF PRELIMINARY COSTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2013 & 2012

\$ 3,073.41

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	GROSS INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASE	DECREASE	BALANCE DECEMBER 31, 2013
01-34	Renovations to the Clarksburg School	10/4/2007	9/23/2013	9/22/2014	1.2500%	\$ 1,229.92	\$ -	\$ 47.24	\$ 1,182.68
01-43	Acquisition of Development Rights to the Buono Property	10/4/2007	9/23/2013	9/22/2014	1.2500%	5,349.15	-	70.38	5,278.77
06-12	Park Improvements	10/4/2007	9/23/2013	9/22/2014	1.2500%	443,302.51	-	17,034.48	426,268.03
06-13	2006 Road Improvements Program	10/4/2007	9/23/2013	9/22/2014	1.2500%	1,140,811.97	-	31,666.72	1,109,145.25
06-21	Brandywine Park Improvements	10/4/2007	9/23/2013	9/22/2014	1.2500%	170,570.76	-	6,551.72	164,019.04
06-22	Acquisition of Public Works Vehicles	3/5/2009	2/25/2013	2/24/2014	1.2500%	193,518.01	-	31,666.67	161,851.34
06-23	Various Improvements	10/4/2007	9/23/2013	9/22/2014	1.2500%	87,079.68	-	4,284.79	82,794.89
07-15	2007 Road Improvement Program	3/5/2009	2/25/2013	2/24/2014	1.2500%	925,640.45	-	24,359.55	901,280.90
07-16	Park Improvements - Phase II	9/27/2011	9/23/2013	9/22/2014	1.2500%	190,000.00	-	-	190,000.00
08-04	Acquisition of Development Easements	5/13/2008	2/25/2013	2/24/2014	1.2500%	637,706.28	-	8,277.72	629,428.56
08-05	Acquisition of Land for Open Space	5/13/2008	2/25/2013	2/24/2014	1.2500%	3,307,289.53	-	49,156.11	3,258,133.42
08-06	Acquisition of Development Easements for Open Space Purposes	5/13/2008	2/25/2013	2/24/2014	1.2500%	1,224,768.73	-	16,363.14	1,208,405.59
08-07	Acquisition of Development Easements for Open Space Purposes	5/13/2008	2/25/2013	2/24/2014	1.2500%	1,590,437.46	-	20,655.03	1,569,782.43
08-19	2008 Road Improvement Program	3/5/2009	2/25/2013	2/24/2014	1.2500%	306,923.08	-	8,076.92	298,846.16
08-20	Acquisition of Public Works Vehicles and Equipment	3/5/2009	2/25/2013	2/24/2014	1.2500%	291,333.33	-	12,666.67	278,666.66
08-21	ADA Improvements to Abate Park	3/5/2009	2/25/2013	2/24/2014	1.2500%	91,724.14	-	3,275.86	88,448.28
08-22	Site Improvements - Municipal Program	9/27/2011	9/23/2013	9/22/2014	1.2500%	71,250.00	-	-	71,250.00
09-16	2009 Road Improvement Program	9/27/2011	9/23/2013	9/22/2014	1.2500%	57,000.00	-	-	57,000.00
10-03	Acquisition of Real Property (COAH)	9/27/2011	9/23/2013	9/22/2014	1.2500%	337,250.00	-	-	337,250.00
10-21	2010 Road Improvement Program	9/27/2011	9/23/2013	9/22/2014	1.2500%	47,500.00	-	-	47,500.00
11-03	2011 Road Improvement Program	9/27/2011	9/23/2013	9/22/2014	1.2500%	237,500.00	-	-	237,500.00
12-11	2012 Road Improvement Program	9/23/2013	9/23/2013	9/22/2014	1.2500%	-	356,250.00	-	356,250.00
Total						\$ 11,358,185.00	\$ 356,250.00	\$ 234,153.00	\$ 11,480,282.00

Budget Appropriations	\$ 139,701.00
Open Space Trust	94,452.00
Cash on Hand	\$ -

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL SERIAL BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
			OUTSTANDING DEC. 31, 2013	DATE				
General Improvements:	12/1/2005	\$ 10,670,000.00	12/31/2014	\$ 478,000.00	4.00%	\$ 1,435,000.00	\$ 455,000.00	\$ 980,000.00
			12/31/2015	502,000.00				
						<u>\$ 1,435,000.00</u>	<u>\$ 455,000.00</u>	<u>\$ 980,000.00</u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT				
General Improvements	5/22/2012	\$ 6,120,000.00	12/31/2016	\$ 505,000.00	4.00%			
			12/31/2017	525,000.00	4.00%			
			12/31/2018	545,000.00	4.00%			
			12/31/2019	570,000.00	4.00%			
			12/31/2020	595,000.00	4.00%			
			12/31/2021	615,000.00	4.00%			
			12/31/2022	640,000.00	5.00%			
			12/31/2023	675,000.00	5.00%			
			12/31/2024	710,000.00	5.00%			
			12/31/2025	740,000.00	5.00%			
						\$ 6,120,000.00	\$ -	\$ 6,120,000.00
						\$ 6,120,000.00	\$ -	\$ 6,120,000.00

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$243,142.13
Decreased by:	
Paid by Open Space Trust	<u>38,534.64</u>
Balance, December 31, 2013	<u><u>\$204,607.49</u></u>

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE DECEMBER 31, 2013

March 2014	\$ 19,556.81
September 2014	19,752.38
March 2015	19,949.90
September 2015	20,149.40
March 2016	20,350.89
September 2016	20,554.40
March 2017	20,759.95
September 2017	20,967.55
March 2018	21,177.22
September 2018	<u>21,388.99</u>
Total	<u><u>\$204,607.49</u></u>

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF LEASE REVENUE BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
			OUTSTANDING DEC. 31, 2012	AMOUNT				
General Improvements:	10/04/2007	\$ 551,000.00	9/01/2014	\$ 58,500.00	5.00%	\$ 308,000.00	\$ 55,700.00	\$ 252,300.00
			9/01/2015	61,500.00	5.00%			
			9/01/2016	64,500.00	5.00%			
			9/01/2017	67,800.00	5.00%			
						<u>\$ 308,000.00</u>	<u>\$ 55,700.00</u>	<u>\$ 252,300.00</u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

DESCRIPTION	BALANCE DECEMBER 31, 2012	CANCELLED BY RESOLUTION	BALANCE DECEMBER 31, 2013
D.O.C. Imaging System - 2007	\$ 1,613.01	\$ 1,613.01	\$ -
Total	\$ 1,613.01	\$ 1,613.01	\$ -

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	IMPROVEMENT AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2013
08-07	Acquisition of Development Easements for Open Space Purposes	\$ 3,523.20	\$ -	\$ 3,523.20	\$ -
08-29	Stormwater Management/Washing Facility/Pole Barn	275,500.00	-	14,886.80	260,613.20
10-33	Acquisition of Real Property (COAH)	413,250.00	-	-	413,250.00
12-11	2012 Road Improvement Program	356,250.00	-	356,250	-
12-12	Acquisition of Public Works Vehicles & Equipment	95,000.00	-	-	95,000.00
13-16	Technology Upgrades	-	47,500.00	-	47,500.00
13-17	Acquisition of Public Works Vehicles & Equipment	-	90,250.00	-	90,250.00
13-18	Acquisition/Installation of Generators	-	99,750.00	-	99,750.00
13-19	2013 Road Improvement Program	-	603,250.00	-	603,250.00
13-20	ME Church Improvements	-	228,000.00	-	228,000.00
Total		\$1,143,523.20	\$ 1,068,750.00	\$ 374,660.00	\$1,837,613.20

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133 AND NJ OMB CIRCULAR 04-04**

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

Report on Compliance for Each Major State Program

We have audited the Township of Millstone's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of the Authority's major state programs for the year ended December 31, 2013. The Township of Millstone's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Millstone's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Millstone's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Township of Millstone's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB Circular 04-04.

Report on Internal Control Over Compliance

Management of the Township of Millstone is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Millstone's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Millstone's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the Township of Millstone as of and for the year ended December 31, 2013, and have issued our report thereon dated May 29, 2014, which contained an qualified opinion, regulatory basis, on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditure of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

May 29, 2014
Medford, New Jersey

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**TOWNSHIP OF MILLSTONE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED DECEMBER 31, 2013**

<u>DEPARTMENT/PROGRAM TITLE</u>	<u>GRANT OR STATE ACCOUNT NUMBER</u>	<u>GRANT PERIOD</u>	<u>CASH RECEIVED</u>	<u>EXPENDITURES (INCLUDES ENCUMBRANCES)</u>
State Department of Transportation: NJ Transportation Trust Fund Act	480-078-620-6010	Various	\$ 243,750.00	\$ 446,896.50
Total Department of Transportation			<u>243,750.00</u>	<u>446,896.50</u>
State Department of Environmental Protection: Recycling Tonnage Grant	N/A	Various	6,417.36	6,212.44
Clean Communities Grant	4900-765-178900-60	Various	35,675.75	47,108.46
Green Communities Grant	N/A	Various	-	2,282.50
ANJEC Sign Grant	N/A	Various	1,000.00	1,375.00
Recreation Trails Grant	N/A	Various	25,000	11,643.93
Total Department of Environmental Protection			<u>68,093.11</u>	<u>68,622.33</u>
State Department of Law and Public Safety: Municipal Alliance on Alcohol & Drug Abuse	N/A	Various	13,295.54	10,693.48
Alcohol Education & Rehabilitation Grant	N/A	Various	527.75	0.00
Total Department of Law and Public Safety			<u>13,823.29</u>	<u>10,693.48</u>
State Department of Economic Development: Cablevision Technology Grant	N/A	Various	-	1,610.00
Total Department of Economic Development			<u>-</u>	<u>1,610.00</u>
Total State Financial Assistance			<u>\$ 325,666.40</u>	<u>\$ 527,822.31</u>

TOWNSHIP OF MILLSTONE

**NOTES TO SCHEDULES OF EXPENDITURES
OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. General

The accompanying schedules of state financial assistance present the activity of all state financial assistance programs of the Township of Millstone. The Township is defined in Note 1 to the Township's general-purpose financial statements.

Note 2. Basis of Accounting

The accompanying schedules of state financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Relationship to Financial Statements – Statutory Basis

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

	State	Total
General Capital Fund	\$ 446,896.50	\$ 446,896.50
Federal & State Grant Fund	<u>80,925.81</u>	<u>80,925.81</u>
Total	<u><u>\$ 527,822.31</u></u>	<u><u>\$ 527,822.31</u></u>

Note 4. Relationship to State Financial Report

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial report.

Note 5. Major Programs

Major programs are identified in the Schedule of Findings and Questioned Costs section.

**TOWNSHIP OF MILLSTONE
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Qualified – Regulatory Basis</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Where significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	No

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Noted
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Noted

Identification of major programs:

Grant Number(s)	Name of State Program
480-078-620-6010	NJ Transportation Trust Fund Act

TOWNSHIP OF MILLSTONE
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2013

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year Findings

Section III –State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

TOWNSHIP OF MILLSTONE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended December 31, 2013

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings

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**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

We have audited the financial statements – statutory basis of the Township of Millstone in the County of Monmouth for the year ended December 31, 2013.

Scope of Audit

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

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 Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

A test was conducted to determine that expenditures greater than \$2,625 obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Committee.

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

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 “for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” 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:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

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 2, 2013 adopted the following resolutions (13-35 & 13-36) authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Millstone that pursuant to the provisions of nonpayment of taxes and assessments, on or before the date when the same becomes delinquent it is hereby fixed at (85) percent per annum for the first \$1,500.00, said interest may be waived for a ten (10) day period after actual due date, and (18%) on any balance over \$1,500.00, effective January 1, 2013.”

“BE IT FURTHER RESOLVED, by Mayor and Township Committee of the Township of Millstone, County of Monmouth, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date, and 18% per annum on any delinquency over \$1,500.00. Taxes and penalties together that exceed \$10,000.00 and are in the arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. Effective January 1, 2013, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.

Collection of Interest on Delinquent Taxes and Assessments (continued):

- 3. Any payments not made in accordance with this Resolution shall be charged interest from the due date as set forth above.
- 4. This Resolution shall be published in its entirety once in an official newspaper of the Township of Millstone.
- 5. The Municipal Clerk shall provide a certified copy of this Resolution to the Township Tax Collector, Township Attorney, and Township Auditor for the Township of Millstone.”

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013 included real estate taxes for 2013 & 2012.

The last tax sale was held on April 17, 2013 and was complete.

Inspection of 2013 tax sale certificates on file revealed that all tax sale 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:

YEAR	NUMBER OF LIENS
2013	15
2012	19
2011	18

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of fifteen (15); ten traffic and five criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2012 with the governing body.

Construction Code Office

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body.
- (3) **Construction Code Costs** – A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform

Construction Code Office (continued):

Construction Code [N.J.A.C.5:23.17(c)2]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.

- (4) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Township Ordinances in effect.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2013:

NAME	POSITION	AMOUNT OF BOND	
Nancy Grbelja	Mayor		
Michael Kuczinski	Deputy Mayor		
Gary Dorfman	Committeeman		
Bob Kinsey	Committeeman		
Fiore Masci	Committeeman		
Maria Dellasala	Township Administrator/Clerk	\$1,000,000	(A)
Annette Murphy	Chief Financial Officer	\$1,000,000	(A)
Dawn Mitchell	Tax Collector	\$1,000,000	(A)
Thomas Davis	Tax Assessor		
Thomas F.X. Foley	Magistrate	\$1,000,000	(A)
Diane Canzanella	Court Administrator	\$1,000,000	(A)

(A) Covered under the Blanket Bond Coverage through the Middlesex County Municipal Joint Insurance Fund for \$1,000,000.00.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, please contact us.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
No. CR435

Medford, New Jersey
May 29, 2014