

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

REPORT OF AUDIT

DECEMBER 31, 2011

WILLIAM E. ANTONIDES AND COMPANY
Certified Public Accountants

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TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

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TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT OF THE TOWNSHIP'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Millstone (the "Township"), as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Township have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Township's financial statements. However, the LOSAP financial activities are included in the Township's Trust Funds, and represent 6.7% and 5.8% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Township's Trust Funds.

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

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Township, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

William E. Antonides and Company
Independent Auditors

William E. Antonides
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 14

June 26, 2012

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 16,439,732.61	\$ 16,173,990.29
Change Fund	A-4	1,300.00	1,300.00
		<u>16,441,032.61</u>	<u>16,175,290.29</u>
Due from State of New Jersey			<u>1,000.00</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	600,882.32	622,422.18
Foreclosed Property	A-6	147,700.00	147,700.00
Special Charges Receivable	A-9	27,986.55	
Tax Title Liens Receivable	A-8	207,273.66	199,625.59
Revenue Accounts Receivable	A-10	5,665.52	10,482.32
Interfund - General Capital Fund	A-18		185.45
		<u>989,508.05</u>	<u>980,415.54</u>
		<u>17,430,540.66</u>	<u>17,156,705.83</u>
Federal and State Grant Fund:			
Cash		212,487.44	187,258.55
Grants Receivable	A-20	65,085.40	205,833.43
		<u>277,572.84</u>	<u>393,091.98</u>
		<u>\$ 17,708,113.50</u>	<u>\$ 17,549,797.81</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2011 AND 2010

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Current Fund:			
Appropriation Reserves	A-3,11	\$ 422,907.41	\$ 95,193.29
Reserve for Encumbrances	A-3,11	127,975.27	101,180.66
Accounts Payable		6,978.00	
Due State of New Jersey Construction Fees	A-12	2,460.00	7,465.00
Due State of New Jersey P.L. 1971, Ch. 20	A-12	250.00	
Tax Overpayments	A-14	19,332.38	46,260.76
Prepaid Taxes	A-15	255,589.60	242,328.36
Local District School Tax Payable	A-16	14,346,165.50	13,364,133.50
Due County for Added and Omitted Taxes	A-17	26,214.71	21,288.56
Interfund - General Capital Fund	A-18	63,526.85	
		<u>15,271,399.72</u>	<u>13,877,850.13</u>
Reserve for Receivables		989,508.05	980,415.54
Fund Balance	A-1	1,169,632.89	2,298,440.16
		<u>17,430,540.66</u>	<u>17,156,705.83</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	A-21	5,899.32	13,212.00
Appropriated Reserves	A-21	271,673.52	379,879.98
		<u>277,572.84</u>	<u>393,091.98</u>
		<u>\$ 17,708,113.50</u>	<u>\$ 17,549,797.81</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,863,000.00	\$ 2,310,000.00
Miscellaneous Revenue Anticipated	A-2	1,983,464.48	1,897,713.43
Receipts from Delinquent Taxes	A-2	607,006.67	473,478.54
Receipts from Current Taxes	A-2	40,216,196.99	37,922,143.45
Non-Budget Revenues	A-2	224,099.90	112,122.27
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	74,941.44	129,126.64
Interfund Loans Returned		185.45	9.00
Cancelled Federal and State Grant Appropriated Reserves	A-21	133,381.25	
Cancelled Tax Overpayments			1.68
Cancel Accounts Payable		4,192.00	6,007.89
Total Income		<u>45,106,468.18</u>	<u>42,850,602.90</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,570,250.00	1,713,200.00
Other Expenses		2,234,402.50	2,103,209.00
Deferred Charges and Statutory Expenditures		286,655.00	266,784.32
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		5,200.00	
Other Expenses		172,983.55	137,559.37
Capital Improvements		30,000.00	142,500.00
Municipal Debt Service		1,012,739.68	1,047,943.39
	A-3	<u>5,312,230.73</u>	<u>5,411,196.08</u>
Prior Year Revenue Refund		500.00	
Special District Taxes	A-7	2,574,388.04	2,490,301.41
Local District School Taxes	A-16	30,692,331.00	27,728,267.00
County Taxes	A-17	5,633,229.72	5,675,269.93
Due County Added and Omitted Taxes	A-17	26,214.71	21,288.56
Interfund Advances	A-18		185.45
Cancelled Federal and State Grant Receivable	A-20	133,381.25	
Total Expenditures		<u>44,372,275.45</u>	<u>41,326,508.43</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue		\$ 734,192.73	\$ 1,524,094.47
Fund Balance January 1	A	<u>2,298,440.16</u>	<u>3,084,345.69</u>
		3,032,632.89	4,608,440.16
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,863,000.00</u>	<u>2,310,000.00</u>
Fund Balance December 31	A	<u>\$ 1,169,632.89</u>	<u>\$ 2,298,440.16</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Exhibit A-2

Sheet 1 of 3

	Ref.	Anticipated		Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87	
Fund Balance Anticipated	A-1	\$ 1,863,000.00	\$	\$
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	A-10	6,000.00		6,000.00
Fees and Permits	A-10	31,000.00		27,433.74
Fines and Costs				
Municipal Court				
Interest and Costs on Taxes	A-10	115,000.00		102,343.03
Interest on Investments and Deposits	A-10	105,000.00		126,878.62
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)	A-10	200,000.00		197,771.01
Garden State Trust Fund	A-10	821,546.00		821,546.00
Uniform Construction Code Fees	A-10	20,207.00		20,207.00
Borough of Roosevelt - Municipal Court Services	A-10	260,000.00		258,380.00
Cable Franchise Fees	A-10	6,000.00		6,000.00
Verizon Franchise Fees	A-10	28,187.00		28,187.00
Alcohol Education/Rehabilitation Program	A-10	24,109.15		24,109.15
Clean Communities Program	A-20	107.87		107.87
Historical Preservation - Clarksburg Church	A-20	30,969.77		30,969.77
Municipal Alliance on Alcoholism and Drug Abuse	A-20	5,275.00		5,275.00
Recycling Tonnage Grant	A-20	13,465.00		13,465.00
2010 Cablevision Technology Grant (Year 2)	A-20	7,391.25	7,494.22	14,885.47
2010 Cablevision Technology Grant	A-20		1,428.00	1,428.00
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)	A-20		4,008.00	4,008.00
Total Miscellaneous Revenues	A-1	294,469.82	12,930.22	294,469.82
		<u>1,968,727.86</u>	<u>12,930.22</u>	<u>1,983,464.48</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Anticipated</u>		<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Ref.</u>	<u>Budget</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Receipts from Delinquent Taxes	A-1,2	\$ 550,000.00	\$	607,006.67	57,006.67
Subtotal General Revenue		4,381,727.86	12,930.22	4,453,471.15	58,813.07
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	1,747,574.69		2,120,033.52	372,458.83
Budget Totals		6,129,302.55	12,930.22	6,573,504.67	431,271.90
Non-Budget Revenues	A-1,2			224,099.90	224,099.90
	Ref.	\$ 6,129,302.55	\$ 12,930.22	\$ 6,797,604.57	\$ 655,371.80
		A-3	A-3		
			A-3		

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	<u>Realized</u>
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Collections</u>		
Revenue from Collections	A-1,7	\$ 40,216,196.99
Less: Allocated to School, County and Special District Taxes	A-7	38,926,163.47
Balance for Support of Municipal Budget Appropriations		<u>1,290,033.52</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	830,000.00
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>\$ 2,120,033.52</u>
 <u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-2,8,9	<u>\$ 607,006.67</u>
 <u>Analysis of Non-Budget Revenue</u>		
Discovery Fees		\$ 741.05
Rebates and Refunds		8,959.14
Sale of Scrap Metal		1,950.20
Grass Cutting		5,585.00
Year End Penalty		12,762.79
Senior Citizen and Veteran Deduction 2% Administrative Fee		1,265.00
Credit Card Convenience Fees		902.00
FEMA Reimbursement		40,095.46
Sale of Municipal Assets		145,839.71
Electronic Recycling		281.00
Returned Check Fees		325.00
Miscellaneous		<u>5,393.55</u>
	A-2	<u>\$ 224,099.90</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>General Government</u>						
General Administration						
Salaries and Wages	\$ 105,000.00	\$ 103,500.00	\$ 103,250.77	\$	\$ 249.23	\$
Miscellaneous	88,825.00	88,825.00	66,285.34	3,346.84	19,192.82	
Mayor and Township Committee						
Salaries and Wages	36,000.00	36,000.00	35,769.00		231.00	
Other Expenses	950.00	950.00	689.05		260.95	
Municipal Clerk						
Salaries and Wages	110,000.00	116,000.00	115,562.44		437.56	
Other Expenses	11,350.00	13,350.00	12,112.90	552.00	685.10	
Financial Administration						
Salaries and Wages	105,000.00	95,500.00	94,949.62		550.38	
Other Expenses	38,600.00	42,100.00	38,628.39	2,969.14	502.47	
Audit Services	29,000.00	29,000.00	28,575.00		425.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	61,000.00	60,500.00	60,013.85		486.15	
Other Expenses	7,775.00	7,775.00	6,023.04	24.00	1,727.96	
Tax Assessment Administration						
Salaries and Wages	90,000.00	87,000.00	86,991.30		8.70	
Other Expenses	12,000.00	12,000.00	6,181.23	786.79	5,031.98	
Legal Services						
Other Expenses	145,000.00	155,000.00	127,605.06	8,466.72	18,928.22	
Engineering Services						
Other Expenses	85,000.00	95,000.00	87,490.87	344.37	7,164.76	
Historical Preservation Committee						
Other Expenses	700.00	700.00	563.10		136.90	
Veterans Memorial Committee						
Other Expenses	1,500.00	1,500.00	779.30		720.70	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Open Space Farmland Preservation Council						
Salaries and Wages	\$ 47,000.00	\$ 45,500.00	\$ 45,303.00	\$	\$ 197.00	\$
Other Expenses	2,250.00	2,250.00	577.88		1,672.12	
Land Use Administration						
Agricultural						
Other Expenses	1,600.00	1,600.00	150.94		1,449.06	
Planning Board						
Salaries and Wages	25,000.00	20,500.00	20,458.10		41.90	
Other Expenses	9,150.00	9,150.00	4,739.17	141.62	4,269.21	
Zoning Board of Adjustment						
Salaries and Wages	25,000.00	20,500.00	20,458.10		41.90	
Other Expenses	5,725.00	5,725.00	1,520.46		4,204.54	
Insurance						
Liability Insurance	97,477.00	97,477.00	92,477.00		5,000.00	
Workers' Compensation Insurance	67,963.00	67,963.00	67,963.00			
Employee Group Health Insurance	525,500.00	525,500.00	485,879.74	3,058.96	36,561.30	
Employee Group Insurance Waiver	18,000.00	18,000.00	15,000.00		3,000.00	
Unemployment Insurance	15,000.00	15,000.00	8,787.98		6,212.02	
Municipal Court						
Salaries and Wages	140,000.00	135,000.00	129,840.54		5,159.46	
Other Expenses	21,450.00	21,450.00	18,483.66	576.84	2,389.50	
Office of Emergency Management						
Other Expenses	10,000.00	10,000.00	9,839.16		160.84	
Aid to Volunteer Ambulance Companies						
Contribution	35,000.00	35,000.00	35,000.00			
Other Expenses	6,000.00	6,000.00		6,000.00		
Public Defender						
Other Expenses	5,000.00	5,000.00	2,555.00		2,445.00	
Municipal Prosecutor						
Salaries and Wages	28,000.00	28,000.00	27,980.00		20.00	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Public Works						
Streets and Roads						
Salaries and Wages	\$ 425,000.00	\$ 430,000.00	\$ 425,171.43	\$ 4,828.57	\$	
Other Expenses	285,250.00	267,112.50	102,750.31	45,305.02	119,057.17	
Shade Tree Commission						
Other Expenses	5,600.00	5,600.00	2,394.10	2,680.00	525.90	
Sanitation						
Salaries and Wages	13,000.00	13,000.00	10,445.42	2,554.58	744.00	
Other Expenses	91,300.00	91,300.00	88,284.27	2,271.73		
Buildings and Grounds						
Other Expenses	94,250.00	94,250.00	75,048.46	6,710.42	12,491.12	
Vehicle Maintenance						
Other Expenses	63,700.00	73,700.00	57,723.82	5,368.16	10,608.02	
Health and Human Services						
Senior Transportation						
Other Expenses	10,000.00	10,000.00	7,020.00		2,980.00	
Environmental Commission (N.J.S.A. 40:56A-1 et. Seq.)						
Salaries and Wages	2,100.00	2,250.00	2,150.00		100.00	
Other Expenses	3,625.00	3,625.00	857.20	154.30	2,613.50	
Animal Control	11,850.00	11,850.00	11,322.50		527.50	
Park and Recreation Functions						
Recreation Commission						
Salaries and Wages	75,000.00	77,000.00	67,161.27		9,838.73	
Other Expenses	4,550.00	5,550.00	1,135.67	3,832.66	581.67	
Maintenance of Parks						
Other Expenses	1,000.00	1,000.00	18.36		981.64	
Education Functions (Including Library)						
Contribution to Municipal Library						
Other Expenses	250.00	250.00	250.00			

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Other Common Operating Functions						
Celebration of Public Events						
Other Expenses						
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Official	\$ 11,000.00	\$ 11,000.00	\$ 8,337.73	\$ 696.80	\$ 1,965.47	\$
Salaries and Wages	230,000.00	229,000.00	228,109.79		890.21	
Other Expenses	9,725.00	9,725.00	7,192.06	280.69	2,252.25	
Other Code Enforcement Functions						
Salaries and Wages	71,000.00	71,000.00	70,766.26		233.74	
Other Expenses	5,275.00	5,275.00	5,007.18		267.82	
Unclassified						
Utility Expenses						
Electricity	68,000.00	68,000.00	48,758.28	3,358.83	15,882.89	
Street Lighting	115,000.00	115,000.00	99,048.18	8,782.98	7,168.84	
Telephone	43,000.00	43,000.00	39,942.57	1,852.02	1,205.41	
Gas (Natural or Propane)	30,000.00	30,000.00	21,477.89		8,522.11	
Gasoline	100,000.00	100,000.00	56,563.62	18,436.38	25,000.00	
Landfill/Solid Waste Disposal Costs						
Other Expenses	25,000.00	21,850.00	17,089.60		4,760.40	
Total Operations within Caps	<u>3,807,290.00</u>	<u>3,804,652.50</u>	<u>3,312,509.96</u>	<u>125,997.27</u>	<u>366,145.27</u>	
Detail:						
Salaries and Wages	1,588,100.00	1,570,250.00	1,544,380.89	125,997.27	25,869.11	
Other Expenses	<u>2,219,190.00</u>	<u>2,234,402.50</u>	<u>1,768,129.07</u>		<u>340,276.16</u>	

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 5 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>						
Contribution to:						
Public Employees' Retirement System of New Jersey	\$ 135,425.00	\$ 135,425.00	\$ 135,425.00		\$	\$
Social Security System (O.A.S.I.)	150,000.00	150,000.00	122,058.43			27,941.57
Defined Contribution Retirement Program	1,230.00	1,230.00	1,199.86			30.14
Total Statutory Expenditures within Caps	286,655.00	286,655.00	258,683.29			27,971.71
Total Appropriations within Caps	<u>4,093,945.00</u>	<u>4,091,307.50</u>	<u>3,571,193.25</u>	<u>125,997.27</u>		<u>394,116.98</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>						
County of Monmouth - 911 Services						
Other Expenses	26,213.19	26,213.19	26,213.19			
Length of Service Awards Program (LOSAP)	18,677.00	18,677.00	18,677.00			
Public Employees Retirement System	36,535.00	36,535.00	36,535.00			
<u>Shared Services Agreements</u>						
Municipal Court						
Salaries and Wages	5,200.00	5,200.00	5,200.00			
Other Expenses	800.00	800.00	800.00			
<u>Public and Private Programs Offset by Revenues</u>						
Local Matching Funds for Grants	10,000.00	10,000.00				10,000.00
Alcohol Education/Rehabilitation Program	107.87	107.87	107.87			
Clean Communities Program	30,969.77	30,969.77	30,969.77			
Historical Preservation - Clarksburg Church						
Grant Portion	5,275.00	5,275.00	5,275.00			
Matching Portion	2,637.50	5,275.00	5,275.00			
Municipal Alliance on Alcohol and Drug Abuse						
Grant Portion	13,465.00	13,465.00	13,465.00			
Matching Portion	3,366.25	3,366.25	2,075.82			
Recycling Tonnage Grant - 2010	7,391.25	7,391.25	7,391.25			
Recycling Tonnage Grant	7,494.22	7,494.22	7,494.22			

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Supplemental Fire Services Program						
Fire District Payment	\$ 1,978.00	\$ 1,978.00	\$ 1,978.00	\$ 1,978.00	\$	
Technology Grant	1,428.00	1,428.00	1,428.00			
2010 Technology Grant	4,008.00	4,008.00	4,008.00			
Total Operations excluded from Caps	<u>175,546.05</u>	<u>178,183.55</u>	<u>164,915.12</u>	<u>1,978.00</u>	<u>11,290.43</u>	
Detail:						
Salaries and Wages	5,200.00	5,200.00	5,200.00			
Other Expenses	170,346.05	172,983.55	159,715.12	1,978.00	11,290.43	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>						
Capital Improvement Fund	30,000.00	30,000.00	12,500.00		17,500.00	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	413,000.00	413,000.00	413,000.00			
Payment of Bond Anticipation Note and Capital Notes	86,173.01	86,173.01	86,173.00			.01
Interest on Bonds	396,768.76	396,768.76	396,768.76			
Interest on Notes	47,760.03	47,760.03	47,760.03			
Capital Lease Obligations						
Principal	51,000.00	51,000.00	51,000.00			
Interest	18,039.92	18,039.92	18,037.89			2.03
Total Municipal Debt Service excluded from Caps	<u>1,012,741.72</u>	<u>1,012,741.72</u>	<u>1,012,739.68</u>			<u>2.04</u>
Total General Appropriations excluded from Caps	<u>1,218,287.77</u>	<u>1,220,925.27</u>	<u>1,190,154.80</u>	<u>1,978.00</u>	<u>28,790.43</u>	<u>2.04</u>
Subtotal General Appropriations	5,312,232.77	5,312,232.77	4,761,348.05	127,975.27	422,907.41	2.04
Reserve for Uncollected Taxes	830,000.00	830,000.00	830,000.00			
Total General Appropriations	<u>\$ 6,142,232.77</u>	<u>\$ 6,142,232.77</u>	<u>\$ 5,591,348.05</u>	<u>\$ 127,975.27</u>	<u>\$ 422,907.41</u>	<u>\$ 2.04</u>

Ref.

A-1

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

NOT USED FOR 2011 AUDIT

	<u>Ref.</u>	<u>Budget After Modification</u>
Appropriation by 40A:4-87	A-2	\$ 12,930.22
Budget	A-3	<u>6,129,302.55</u>
		<u>\$ 6,142,232.77</u>
		<u>Paid or Charged</u>
Reserve for Uncollected Taxes	A-2	\$ 830,000.00
Disbursements	A-4	4,683,858.12
Interfund - Federal and State Grant Fund	A-21	<u>77,489.93</u>
		<u>\$ 5,591,348.05</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - TRUST FUNDS

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>2,686.31</u>	\$ <u>7,216.66</u>
<u>Other Trust</u>			
Cash	B-1	<u>3,682,821.92</u>	<u>3,875,520.24</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-5	<u>263,719.39</u>	<u>238,326.90</u>
		<u>\$ 3,949,227.62</u>	<u>\$ 4,121,063.80</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due State of New Jersey	B-2	\$ 1.20	\$ 15.00
Reserve for Encumbrances	B-3	1,015.00	
Reserve for Animal Control Fund Expenditures	B-3	<u>1,670.11</u>	<u>7,201.66</u>
		<u>2,686.31</u>	<u>7,216.66</u>
<u>Other Trust</u>			
Reserve for Encumbrances	B-4	39,724.64	
Miscellaneous Reserves	B-4	<u>3,643,097.28</u>	<u>3,875,520.24</u>
		<u>3,682,821.92</u>	<u>3,875,520.24</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-5	<u>263,719.39</u>	<u>238,326.90</u>
		<u>\$ 3,949,227.62</u>	<u>\$ 4,121,063.80</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	C-2	\$ 645,227.57	\$ 772,659.36
Receivables With Full Reserves:			
Federal and State Grants and Aid Receivable	C-4	243,792.44	243,792.44
DOT Grant Receivable	C-4	125,418.75	
Deferred Charges to Future Taxation:			
Funded	C-5	8,954,017.49	9,455,048.52
Unfunded	C-6	12,284,611.65	11,981,350.94
Interfund - Current Fund	C-8	63,526.85	
		<u>\$ 22,316,594.75</u>	<u>\$ 22,452,851.26</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-8	\$	\$ 185.45
Preliminary Costs Payable	C-11	3,145.91	3,145.91
Capital Improvement Fund	C-9	136.08	136.08
Improvement Authorizations:			
Funded	C-10	21,890.47	47,542.63
Unfunded	C-10	1,010,359.11	839,031.98
Reserve for Encumbrances	C-10	20,022.03	55,414.50
Miscellaneous Reserves	C-16	26,825.47	32,290.47
Bond Anticipation Notes	C-12	11,600,732.00	11,353,439.00
Lease Revenue Bonds Payable	C-15	361,100.00	412,100.00
Serial Bonds	C-13	8,312,000.00	8,725,000.00
Green Trust Loan Payable	C-14	280,917.49	317,948.52
Reserve to Pay Bonds		<u>21,637,128.56</u>	<u>22,080,704.36</u>
Reserve for Federal and State Grants and Aid Receivable	C-7	243,792.44	
Fund Balance	C-1	<u>435,673.75</u>	<u>372,146.90</u>
		<u>\$ 22,316,594.75</u>	<u>\$ 22,452,851.26</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$692,273 and \$1,395,273, respectively (Schedule C-17).

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2010	<u>Ref.</u> C	\$ 372,146.90
Increased by:		
Premium on Sale of Notes:		
Interfund - Current Fund		<u>63,526.85</u>
Balance December 31, 2011	C	<u><u>\$ 435,673.75</u></u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH
BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP **Exhibit H**

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land	\$ 13,162,318.23	\$ 29,299,668.86
Buildings	3,885,424.45	2,114,428.35
Improvements Other Than Buildings	5,614,561.87	
Development Rights		7,281,471.16
Machinery and Equipment	2,274,265.09	2,582,972.67
Construction in Progress		8,512,277.48
	<u>\$ 24,936,569.64</u>	<u>\$ 49,790,818.52</u>
Investment in General Fixed Assets	<u>\$ 24,936,569.64</u>	<u>\$ 49,790,818.52</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2011.

B. Descriptions of Funds

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

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

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

Animal Control Trust Fund - dog license revenues and expenditures

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2011 is set forth in Note 5.

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

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

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

D. Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$21,109,980 and the bank balance amount was \$21,019,255. Of this amount \$750,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$20,269,255.

B. Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Township had no investments in qualified securities at December 31, 2011.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ 750,000	\$ 1,000,000
GUDPA	<u>20,269,255</u>	<u>20,054,568</u>
	\$ <u>21,019,255</u>	\$ <u>21,054,568</u>

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

General Capital Fund

Serial Bonds

4.00% to 5.00% General Improvement Bonds issued December 1, 2005,
 installment maturities to December 1, 2025 \$ 8,312,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 434,000	\$ 376,119
2013	455,000	354,419
2014	478,000	331,669
2015	502,000	307,769
2016	527,000	282,669
2017-21	3,003,000	1,044,460
2022-25	<u>2,913,000</u>	<u>328,005</u>
	\$ <u>8,312,000</u>	\$ <u>3,025,110</u>

Green Trust Loan Program

The Township has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The loan for Purchase of Development Rights - Top Step Farm was finalized on December 2, 1998. The Township must repay the loan in semi-annual installments over twenty years. The balance December 31, 2011 was \$280,917. Loan payments are due through 2039.

NOTE 3. DEBT (CONTINUED)

General Capital Fund (Continued)

Green Trust Loan Program (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 37,775	\$ 5,430
2013	38,535	4,671
2014	39,309	3,897
2015	40,099	3,106
2016	40,905	2,300
2017-18	<u>84,294</u>	<u>2,118</u>
	\$ <u>280,917</u>	\$ <u>21,522</u>

B. Short-Term Debt

At December 31, 2011, the Township's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
01-34	Renovation to the Clarksburg School	2.25%	\$ 1,277
01-43	Acquisition of Development Rights to the Buono Property	2.25%	5,420
06-12	Park Improvements	2.25%	460,519
06-13	2006 Road Improvement Program	2.25%	1,172,479
05-30, 06-14	Acquisition of Property and Road Reconfiguration	2.25%	8,212
06-21	Brandywine Park Improvements	2.25%	177,122
06-22	Acquisition of Public Works Vehicles	2.25%	225,185
06-23	Various Improvements	2.25%	91,364
07-15	2007 Road Improvement Program	1.83%	950,000
07-16	Park Improvements - Phase II	2.25%	190,000
08-04	Acquisition of Development Easements	2.50%	645,984
08-05	Acquisition of Land for Open Space	2.50%	3,356,446
08-06	Acquisition of Development Easements for Open Space Purposes	2.50%	1,241,132
08-07	Acquisition of Development Easements for Open Space Purposes	2.50%	1,611,092
08-19	2008 Road Improvement Program	1.83%	315,000
08-20	Acquisition of Public Works Vehicles and Equipment	1.83%	304,000
08-21	ADA Improvements to Abate Park	1.83%	95,000
08-22	Site Improvements to Municipal Projects	2.25%	71,250

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund (Continued)

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
09-16	2009 Road Improvement Program	2.25%	\$ 57,000
10-03	Acquisition of real Property	2.25%	337,250
10-21	2010 Road Improvement Program	2.25%	47,500
11-03	2011 Road Improvement Program	2.25%	<u>237,500</u>
			\$ 11,600,732

C. Bonds and Notes Authorized but not Issued

At December 31, 2011, the Township had authorized but not issued bonds and notes as follows:

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
General Capital Fund	\$ 692,273	\$ 1,395,273

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2011 was 1.05%. The Township's remaining borrowing power is 2.45%.

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

E. Summary of Debt Activity

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

	<u>Balance Dec. 31, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2011</u>
General Debt:				
Serial Bonds	\$ 8,725,000	\$	\$ 413,000	\$ 8,312,000
Bond Anticipation Notes	11,353,439	940,681	693,388	11,600,732
Green Trust Loan	317,949		37,031	280,918
	<u>\$ 20,396,388</u>	<u>\$ 940,681</u>	<u>\$ 1,143,419</u>	<u>\$ 20,193,650</u>

NOTE 4. CAPITAL LEASE

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 53,100	\$ 18,055
2013	55,700	15,400
2014	58,500	12,615
2015	61,500	9,690
2016	64,500	6,615
2017	<u>67,800</u>	<u>3,390</u>
	\$ <u>361,100</u>	\$ <u>65,765</u>

NOTE 5. ACCRUED SICK AND VACATION BENEFITS

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

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

The estimated current cost of such unpaid compensation approximates \$72,416 and \$63,465 at December 31, 2011 and 2010, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 6. FUND BALANCES APPROPRIATED

The fund balance at December 31, 2011 appropriated and included as anticipated revenue for the year ending December 31, 2012 was as follows:

Current Fund:	
Fund Balance	\$ 1,024,000

NOTE 7. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	\$ 255,590	\$ 242,328

NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

NOTE 9. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 10. DEFERRED COMPENSATION

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

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

NOTE 11. PENSION PLANS

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

NOTE 11. PENSION PLANS (CONTINUED)

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. Effective October 1, 2011 the PERS and PFRS contribution requirements were increased to 6.5% and 10.0%, respectively. The Township's contributions to the plan, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>
2011	\$ 171,960
2010	132,770
2009	116,752

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On December 4, 1991, the Township authorized participation in the SHBP's post-retirement benefit program through Resolution Number 91-136. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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

Funding Policy

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

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

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

The Township contributions to SHBP for the years ended December 31, 2011, 2010 and 2009 were \$90,411, \$66,141 and \$44,788, respectively, which equaled the required contributions for each year. There were approximately 7, 7 and 5 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.

NOTE 13. SCHOOL TAXES

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

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

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Balance of Tax	\$ 15,346,166	\$ 14,364,134
Deferred	<u>1,000,000</u>	<u>1,000,000</u>
Tax Payable	\$ <u>14,346,166</u>	\$ <u>13,364,134</u>

NOTE 14. RISK MANAGEMENT

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

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

NOTE 15. CONTINGENT LIABILITIES

Federal and State Financial Assistance

The Township receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

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

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

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

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$	\$ 63,527
General Capital Fund	<u>63,527</u>	<u> </u>
	\$ <u>63,527</u>	\$ <u>63,527</u>

NOTE 17. LENGTH OF SERVICE AWARD PLAN

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

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

NOTE 17. LENGTH OF SERVICE AWARD PLAN (CONTINUED)

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

NOTE 18. SUBSEQUENT EVENT - DEBT AUTHORIZED

At the audit date the Township had adopted the following ordinances in 2012 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
12-05	Refunding of Certain General Obligation Bonds	\$ 7,652,000

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2011</u> \$ 2.29	<u>2010</u> \$ 2.17	<u>2009</u> \$ 2.67
Apportionment of Tax Rate:			
Municipal	.10	.09	.10
County	.32	.32	.40
Local School	1.73	1.62	2.02
Fire	.08	.08	.09
Municipal Farmland Preservation	.06	.06	.06
Assessed Valuation:			
2011	\$ 1,773,530,068		
2010		\$ 1,774,360,683	
2009			\$ 1,409,380,822

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2011	\$ 40,853,740	\$ 40,216,197	98.43%
2010	38,599,812	37,922,143	98.24%
2009	37,859,352	37,306,985	98.54%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 207,274	\$ 600,882	\$ 808,156	1.98%
2010	147,700	622,422	770,122	1.99%
2009	174,270	493,046	667,316	1.76%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$ 147,700
2010	147,700
2009	147,700

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2011	\$ 1,169,633	\$ 1,024,000
2010	2,298,440	1,863,000
2009	3,084,346	2,310,000
2008	4,239,508	2,668,000
2007	4,831,532	2,701,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
Bond Anticipation Note Issued	\$ 11,600,732	\$ 11,353,439	\$ 11,444,947
Serial Bonds Payable	8,312,000	8,725,000	9,122,000
Green Trust Loan	<u>280,917</u>	<u>317,949</u>	<u>354,250</u>
Total Issued	<u>20,193,649</u>	<u>20,396,388</u>	<u>20,921,197</u>
<u>Authorized but not Issued</u>			
General Bonds and Notes	<u>692,273</u>	<u>1,395,273</u>	<u>622,662</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>20,885,922</u>	\$ <u>21,791,661</u>	\$ <u>21,543,859</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.05%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 41,485,000	\$ 41,485,000	\$
General Debt	<u>20,885,922</u>	<u>289,311</u>	<u>20,596,611</u>
	\$ <u>62,370,922</u>	\$ 41,774,311	\$ 20,596,611

Net Debt \$20,596,611 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$1,965,068,419 = 1.05%.

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

3.5% of Equalized Valuation Basis	\$ 68,777,395
Net Debt	<u>20,596,611</u>
Remaining Borrowing Power	\$ <u>48,180,784</u>

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2011:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Nancy Grbelja	Mayor	
Michael Kuczinski	Deputy Mayor	
Gary Dorfman	Committeeman	
Robert Kinsey	Committeeman	
Fiore Masci	Committeeman	
Maria Dellasala	Township Clerk, Officer for Searches for Municipal Improvements, Registrar of Vital Statistics, Purchasing Agent	
Phil DelTurco	Business Administrator, DPW Coordinator (to Sept. 2011)	
Tom Antus	Business Administrator, DPW Coordinator (from Oct. 2011)	
Annette Murphy	Chief Financial Officer	\$ (1)
Amanda Salerno	Treasurer	(1)
Duane O. Davidson, Esq.	Attorney	
Dawn Mitchell	Tax Collector	(1)
Thomas F.X. Foley, Esq.	Magistrate	
Diane Canzanella	Court Administrator	
Penny Danley-Gravatt	Deputy Court Administrator (to Dec. 23, 2011)	
Dawn Wattai	Assistant Deputy Court Administrator	
Nicole Vladimorov	Recreation Coordinator (to Sept. 9, 2011)	
Katherine A. Slisky	Recreation Coordinator (from Sept. 9, 2011)	
Sandra Belan	Recreation Assistant (from Oct. 2011)	
Arlene Yarbrough	Construction Office Secretary	

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

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

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

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

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2010		\$ 16,175,290.29
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 224,099.90	
Collector	40,875,634.89	
Revenue Accounts Receivable	1,491,976.93	
Due State of New Jersey	75,782.00	
Payroll Liabilities	1,996,006.39	
Interfunds:		
General Capital Fund	358,182.12	
Federal and State Grant Fund	6,226.56	
		<u>45,027,908.79</u>
		61,203,199.08
Decreased by Disbursements:		
2011 Budget Appropriations	4,683,858.12	
Special District Taxes Payable	2,574,388.04	
2010 Appropriation Reserves	114,454.51	
Due State of New Jersey	13,345.00	
Payroll Liabilities	1,996,006.39	
Prepaid Taxes	1,719.75	
Local District School Taxes Payable	29,710,299.00	
County Taxes Payable	5,654,518.28	
Interfund - Federal and State Grant Fund	13,577.38	
		<u>44,762,166.47</u>
Balance December 31, 2011		<u>\$ 16,441,032.61</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:		
Taxes Receivable	\$ 40,459,751.98	
Tax Title Liens Redeemed	12,837.08	
Special Charges Receivable	5,305.60	
Interest and Costs on Taxes	126,878.62	
Tax Overpayments	13,552.26	
Prepaid Taxes	<u>257,309.35</u>	
		\$ 40,875,634.89
Decreased by Disbursements:		
Turnovers to Treasurer		\$ <u>40,875,634.89</u>

SCHEDULE OF FORECLOSED PROPERTY

Exhibit A-6

Balance December 31, 2010 and 2011		\$ <u>147,700.00</u>
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TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	Collected	Net Amount Due from State of New Jersey	Transfer to Tax Title Liens	Transfer to Special Charges	Cancelled	Balance Dec. 31, 2011
2009	\$ 12,269.18		\$		\$	\$ 12,269.18		\$
2010	610,153.00		40,480.64	(500.00)	15.17	21,022.97	750.87	600,882.32
2011		40,853,739.66	242,328.36	62,500.00	20,353.46		16,306.89	
	\$ 622,422.18	\$ 40,853,739.66	\$ 282,809.00	\$ 62,000.00	\$ 20,368.63	\$ 33,292.15	\$ 17,057.76	\$ 600,882.32

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax
Special District Taxes
Added and Omitted Taxes

\$ 38,983,561.08
1,689,652.03
180,526.55

Tax Levy:

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

\$ 40,853,739.66

\$ 30,692,331.00

\$ 4,957,047.89
282,706.55
95,565.69
297,909.59
26,214.71

5,659,444.43
2,574,388.04
1,747,574.69
180,001.50

\$ 40,853,739.66

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2010		\$ 199,625.59
Increased by:		
Transfer from Taxes Receivable	\$ 20,368.63	
Adjustment	100.00	
Interest and Costs Accrued from Tax Sale of June 22, 2011	<u>16.52</u>	
		<u>20,485.15</u>
		220,110.74
Decreased by:		
Redemptions		<u>12,837.08</u>
Balance December 31, 2011		<u><u>\$ 207,273.66</u></u>

SCHEDULE OF SPECIAL CHARGES RECEIVABLE

Exhibit A-9

Increased by:		
Transfers from Taxes Receivable		\$ 33,292.15
Decreased by:		
Receipts		<u>5,305.60</u>
Balance December 31, 2011		<u><u>\$ 27,986.55</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Collected by</u>	<u>Balance Dec. 31, 2011</u>
			<u>Treasurer</u> <u>Collector</u>	
Licenses	\$	\$ 6,000.00	\$	\$
Alcoholic Beverages		27,433.74	6,000.00	
Fees and Permits			27,433.74	
Fines and Costs				
Municipal Court	10,482.32	97,526.23	102,343.03	5,665.52
Interest and Costs on Taxes		126,878.62		
Interest on Investments and Deposits		197,771.01	197,771.01	
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)		821,546.00	821,546.00	
Cable Television Franchise Fee		28,187.00	28,187.00	
Consolidated Municipal Property Tax Relief Act				
Garden State Trust Fund		20,207.00	20,207.00	
Uniform Construction Code Fees		258,380.00	258,380.00	
Borough of Roosevelt		6,000.00	6,000.00	
Verizon Franchise Fees		24,109.15	24,109.15	
	<u>\$ 10,482.32</u>	<u>\$ 1,614,038.75</u>	<u>\$ 1,491,976.93</u>	<u>\$ 5,665.52</u>
Receipts			<u>\$ 126,878.62</u>	
			<u>\$ 1,491,976.93</u>	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 4

OPERATIONS WITHIN CAPS

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Administration				
Salaries and Wages	\$ 386.60	\$ 386.60		\$ 386.60
Other Expenses	3,891.97	8,991.97	8,872.35	119.62
Mayor and Township Committee				
Salaries and Wages	231.00	231.00		231.00
Other Expenses	105.53	105.53		105.53
Municipal Clerk				
Salaries and Wages	1,101.66	1,101.66		1,101.66
Other Expenses	651.29	651.29	595.30	55.99
Financial Administration				
Salaries and Wages	1,214.44	1,214.44		1,214.44
Other Expenses	787.91	787.91	785.00	2.91
Revenue Administration (Tax Collection)				
Salaries and Wages	1,388.53	1,388.53		1,388.53
Other Expenses	558.26	558.26	315.20	243.06
Tax Assessment Administration				
Salaries and Wages	8.70	8.70		8.70
Other Expenses	484.36	484.36	278.02	206.34
Legal Services and Costs				
Other Expenses	8,117.47	11,117.47	11,015.57	101.90
Engineering Services and Costs				
Other Expenses	4,218.00	5,318.00	4,715.00	603.00
Historical Preservation Committee				
Other Expenses	228.32	228.32		228.32
Veterans Memorial Committee				
Other Expenses	618.45	618.45	362.33	256.12
Agricultural				
Other Expenses	620.26	620.26		620.26

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 4

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Planning Board	\$ 563.30	\$ 563.30		\$ 563.30
Salaries and Wages				
Other Expenses	2,013.11	2,013.11	1,037.09	976.02
Zoning Board				
Salaries and Wages	13.30	13.30		13.30
Other Expenses	586.60	586.60		586.60
Open Space Farmland Preservation Council				
Salaries and Wages	2.67	2.67		2.67
Other Expenses	242.64	242.64		242.64
Insurance				
Employee Group Insurance	31,162.96	31,162.96	13,288.89	17,874.07
Unemployment Insurance	974.35	974.35		974.35
School Crossing Guards				
Salaries and Wages	48.74	48.74		48.74
Office of Emergency Management				
Other Expenses	370.53	370.53	240.00	130.53
Supplemental Fire Services Program				
Fire District Payment	1,978.00	1,978.00	1,978.00	
Municipal Court				
Salaries and Wages	1,029.30	1,029.30		1,029.30
Other Expenses	1,689.99	1,689.99	1,601.15	88.84
Public Defender				
Other Expenses	5,000.00	5,000.00		5,000.00
Municipal Prosecutor				
Salaries and Wages	20.00	20.00		20.00
Streets and Roads Maintenance				
Salaries and Wages	2,153.97	2,153.97		2,153.97
Other Expenses	28,714.82	20,614.82	17,807.99	2,806.83
Shade Tree Commission				
Other Expenses	797.50	797.50	672.50	125.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 4

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Solid Waste Collection	\$ 38.62	\$ 38.62		\$ 38.62
Salaries and Wages				
Other Expenses	3,127.56	3,127.56	1,051.48	2,076.08
Buildings and Grounds				
Other Expenses	12,958.58	14,458.58	14,065.64	392.94
Vehicle Maintenance				
Other Expenses	11,771.28	14,171.28	11,266.24	2,905.04
Senior Transportation				
Other Expenses	2,210.00	2,210.00	2,015.00	195.00
Environmental Commission (N.J.S.A. 40:56A-1 et seq.)				
Salaries and Wages	149.50	149.50		149.50
Other Expenses	453.61	453.61	325.88	127.73
Animal Control				
Other Expenses	11,159.50	11,159.50	1,393.50	9,766.00
Recreation Commission				
Salaries and Wages	808.89	808.89		808.89
Other Expenses	55.25	55.25	50.91	4.34
Maintenance of Parks				
Other Expenses	183.08	183.08		183.08
Celebration of Public Events				
Other Expenses	699.44	699.44	187.17	512.27
Contraction Official				
Salaries and Wages	46.03	46.03		46.03
Other Expenses	65.18	65.18	13.38	51.80
Other Code Enforcement Functions				
Salaries and Wages	2.68	2.68		2.68
Other Expenses	572.67	572.67		572.67

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Utility Expenses				
Electricity	\$ 8,058.14	\$ 8,058.14	\$ 7,735.14	\$ 323.00
Street Lighting	11,236.15	9,536.15	9,531.17	4.98
Telephone	3,924.88	2,224.88	2,149.32	75.56
Gas (Natural or Propane)	5,659.44	6,259.44	6,244.87	14.57
Gasoline	5,488.85	3,288.85	1,086.44	2,202.41
Landfill/Solid Waste Disposal Costs				
Other Expenses	746.57	746.57		746.57
Statutory Expenditures				
Contribution to				
DCRP	9.92	9.92		9.92
Social Security System (O.A.S.I.)	1,192.35	1,192.35		1,192.35
Total General Appropriations for Municipal Purposes	<u>182,592.70</u>	<u>182,592.70</u>	<u>120,680.53</u>	<u>61,912.17</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>				
County of Monmouth - 911 Service				
Other Expenses	1,750.00	1,750.00		1,750.00
Local Matching Funds for Grants	10,000.00	10,000.00		10,000.00
Municipal Alliance Grant				
Local Share	2,031.25	2,031.25	751.98	1,279.27
Total Appropriations excluded from Caps	<u>13,781.25</u>	<u>13,781.25</u>	<u>751.98</u>	<u>13,029.27</u>
Appropriation Reserves - December 31, 2011	<u>\$ 196,373.95</u>	<u>\$ 196,373.95</u>	<u>\$ 121,432.51</u>	<u>\$ 74,941.44</u>
Reserve for Encumbrances	\$ 95,193.29			
	<u>101,180.66</u>			
	<u>\$ 196,373.95</u>			

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF DUE STATE OF NEW JERSEY

	<u>Total</u>	<u>Chapter 20, P.L. 1971</u>	<u>Marriage License Fees</u>	<u>DCA Training Fees</u>
Balance December 31, 2010 - (Due From)/Due To	\$ 6,465.00	\$ (1,000.00)	\$	\$ 7,465.00
Increased by:				
Receipts	75,782.00	63,250.00	725.00	11,807.00
Deductions Disallowed by Collector	1,000.00	1,000.00		
Total Increases	<u>76,782.00</u>	<u>64,250.00</u>	<u>725.00</u>	<u>11,807.00</u>
Total Increases and Balances	<u>83,247.00</u>	<u>63,250.00</u>	<u>725.00</u>	<u>19,272.00</u>
Decreased by:				
Deductions per Duplicate	61,000.00	61,000.00		
Deductions Allowed by Collector	2,000.00	2,000.00	725.00	12,620.00
Disbursements	13,345.00			4,192.00
Balance Cancelled	4,192.00			16,812.00
Total Decreases	<u>80,537.00</u>	<u>63,000.00</u>	<u>725.00</u>	<u>16,812.00</u>
Balance December 31, 2011 - (Due From)/Due To	\$ 2,710.00	\$ 250.00	\$	\$ 2,460.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF PAYROLL LIABILITIES

Increased by:	
Receipts	\$ 1,996,006.39
Decreased by:	
Disbursements	\$ <u>1,996,006.39</u>

SCHEDULE OF TAX OVERPAYMENTS

Exhibit A-14

Balance December 31, 2010	\$ 46,260.76
Increased by:	
Receipts	<u>13,552.26</u>
	59,813.02
Decreased by:	
Applied to 2010 Tax	<u>40,480.64</u>
Balance December 31, 2011	\$ <u>19,332.38</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF PREPAID TAXES

Balance December 31, 2010		\$	242,328.36
Increased by:			
Receipts			<u>257,309.35</u>
			499,637.71
Decreased by:			
Applied to 2011 Taxes	\$	242,328.36	
Refunds		<u>1,719.75</u>	
			<u>244,048.11</u>
Balance December 31, 2011		\$	<u><u>255,589.60</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-16

Balance December 31, 2010:			
School Tax Payable	\$	13,364,133.50	
School Tax Deferred		<u>1,000,000.00</u>	
			\$ 14,364,133.50
Increased by:			
Levy School Year July 1, 2011 - June 30, 2012			<u>30,692,331.00</u>
			45,056,464.50
Decreased by:			
Payments			<u>29,710,299.00</u>
Balance December 31, 2011:			
School Tax Payable		14,346,165.50	
School Tax Deferred		<u>1,000,000.00</u>	
			\$ <u><u>15,346,165.50</u></u>
2011 Liability for Local District School Tax:			
Tax Paid			\$ 29,710,299.00
Tax Payable December 31, 2011			<u>14,346,165.50</u>
			44,056,464.50
Less: Tax Payable December 31, 2010			<u>13,364,133.50</u>
Amount Charged to 2011 Operations			\$ <u><u>30,692,331.00</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-17

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2010		\$	21,288.56
Increased by:			
2011 Levy	\$ 5,633,229.72		
Added Taxes	<u>26,214.71</u>		
			<u>5,659,444.43</u>
			<u>5,680,732.99</u>
Decreased by:			
Payments			<u>5,654,518.28</u>
Balance December 31, 2011		\$	<u><u>26,214.71</u></u>

SCHEDULE OF INTERFUND - GENERAL CAPITAL FUND

Exhibit A-18

Balance December 31, 2010 - Due From/(Due To)		\$	185.45
Increased by:			
Miscellaneous Revenue Anticipated			
Reserve for Debt Service			<u>294,469.82</u>
Total Increases and Balances			<u>294,655.27</u>
Decreased by:			
Bond Anticipation Receipts Deposited in Current Fund	\$ 63,526.85		
Receipts	<u>294,655.27</u>		
			<u>358,182.12</u>
Balance December 31, 2011 - Due From/(Due To)		\$	<u><u>(63,526.85)</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-19

SCHEDULE OF INTERFUND - CURRENT FUND

Increased by:			
2011 Budget Appropriations	\$	77,489.93	
Disbursements		6,226.56	
Grant Fund Receivables Cancelled		<u>133,381.25</u>	
Total Increases			\$ <u>217,097.74</u>
Decreased by:			
Grant Fund Expenditures Paid by Current Fund:			
Appropriated Reserves		12,792.78	
Receipts		784.60	
Appropriated Reserves Cancelled		<u>133,381.25</u>	
		<u>146,958.63</u>	
2011 Anticipated Revenues		<u>70,139.11</u>	
Total Decreases			\$ <u><u>217,097.74</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-20

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>2011 Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
	\$	\$	\$	\$	\$
Alcohol Education/Rehabilitation Program		107.87	107.87		
Business Stimulus Fund - NJ Commission of Forestry	7,000.00		7,000.00		
Clean Communities Program		30,969.77	30,969.77		
Green Communities	2,000.00				2,000.00
2008 Gypsy Moth Aerial Suppression Program	4,972.84				4,972.84
2009 Gypsy Moth Aerial Suppression Program	2,673.13				2,673.13
Historical Preservation - Clarksburg Church		5,275.00			5,275.00
Municipal Alliance on Alcoholism and Drug Abuse:					
2007 Grant	5,235.41				5,235.41
2008 Grant	6,171.26				6,171.26
2009 Grant	545.79				545.79
2010 Grant	12,235.00		9,092.00		3,143.00
2011 Grant		13,465.00	3,396.03		10,068.97
New Jersey Department of Transportation -					
Recreation Trails Program	25,000.00				25,000.00
Conover Road, Phase I	140,000.00			133,381.25	
Recycling Tonnage Grant		14,885.47	6,618.75		
2010 Technology Grant		4,008.00	4,008.00		
2010 Technology Grant (Year 2)		1,428.00	1,428.00		
	<u>\$ 205,833.43</u>	<u>\$ 70,139.11</u>	<u>\$ 77,505.89</u>	<u>\$ 133,381.25</u>	<u>\$ 65,085.40</u>
Receipts			<u>\$ 77,505.89</u>		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-21

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

Grant	Balance Dec. 31, 2010 \$	2011 Budget Appropriations \$	Paid or Charged \$	Cancelled \$	Balance Dec. 31, 2011 \$
Alcohol Education/Rehabilitation Program	21,162.49	107.87	10,925.70		107.87
Alcohol Education/Rehabilitation Program					10,236.79
Clean Communities Program					29,637.77
Clean Communities Program		30,969.77	1,332.00		
Community Development Block Grant - Brandywine Park Improvements	44,962.67				44,962.67
Green Communities	109.78				109.78
2006 Gypsy Moth Aerial Suppression Program	2,415.67				2,415.67
Historical Preservation - Clarksburg Church Grant Portion					5,275.00
Matching Portion		5,275.00			5,275.00
Municipal Alliance on Alcoholism and Drug Abuse 2007 Grant	3,419.49				3,419.49
2008 Grant	6,171.26				6,171.26
2009 Grant	545.79				545.79
2010 Grant	3,143.00				3,143.00
2011 Grant					
Grant Portion		13,465.00	13,043.03		421.97
Matching Portion		2,075.82	2,075.82		
New Jersey Transportation Trust Fund - Millstone Road 2003	12,343.43				12,343.43
2006	57,188.97				57,188.97
2007	67,766.25				61,947.50
New Jersey Transportation Trust Fund - Conover Road Phase I			5,818.75		
2010	133,381.25			133,381.25	
NJ DEP - West Trail Park	12,832.01				11,699.51
Police O.E.M. Grant	2,405.72		1,132.50		2,405.72

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-21

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

<u>Grant</u>	<u>Balance</u>	<u>2011 Budget</u>	<u>Paid or</u>	<u>Cancelled</u>	<u>Balance</u>
Recycling Tonnage Grant:	<u>Dec. 31, 2010</u>	<u>Appropriations</u>	<u>Charged</u>	<u></u>	<u>Dec. 31, 2011</u>
2009 Grant	\$ 6,645.47		\$ 6,645.47		\$
2010 Grant		7,391.25	7,391.25		
2011 Grant		7,494.22	3,950.62		3,543.60
2010 Grant		4,008.00			4,008.00
2010 Grant (Year 2)		1,428.00			1,428.00
Smart Growth Planning Assistance Grant Program	<u>5,000.00</u>				<u>5,000.00</u>
	\$ <u>379,879.98</u>	\$ <u>77,489.93</u>	\$ <u>52,315.14</u>	\$ <u>133,381.25</u>	\$ <u>271,673.52</u>
Reserve for Encumbrances (Net)			\$ (7,312.68)		
Disbursements			46,835.04		
Interfund - Current Fund		<u>77,489.93</u>	<u>12,792.78</u>		
	\$ <u>77,489.93</u>		\$ <u>52,315.14</u>		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2010	\$ 7,216.66	\$ 3,875,520.24
Increased by Receipts:		
Due State of New Jersey	\$ 1,317.60	
Animal License Fees	6,825.00	
Miscellaneous Reserves	<u>8,142.60</u>	<u>2,525,168.17</u>
	<u>15,359.26</u>	<u>2,525,168.17</u>
Decreased by Disbursements:		
Due State of New Jersey	1,331.40	
Animal Control Fund Expenditures	11,341.55	
Miscellaneous Reserves	<u>12,672.95</u>	<u>2,717,866.49</u>
	<u>\$ 2,686.31</u>	<u>\$ 2,717,866.49</u>
Balance December 31, 2011	<u>\$ 2,686.31</u>	<u>\$ 3,682,821.92</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2010	\$	15.00
Increased by:		
2011 Animal License Fees		<u>1,317.60</u>
		1,332.60
Decreased by:		
Fees Paid to State		<u>1,331.40</u>
Balance December 31, 2011	\$	<u>1.20</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2010	\$	7,201.66
Increased by:		
2011 Animal License Fees	\$	6,600.00
Late Fees		<u>225.00</u>
		6,825.00
		<u>14,026.66</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		11,341.55
Reserve for Encumbrances		<u>1,015.00</u>
		12,356.55
Balance December 31, 2011	\$	<u>1,670.11</u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ <u>4,753.00</u>
2010	<u>7,647.20</u>
	\$ <u>12,400.20</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2010	Increased by Revenues	Decreased by Expenditures	Balance Dec. 31, 2011
Basin Maintenance	\$ 113,296.28			\$ 113,296.28
Council of Affordable Housing (C.O.A.H.)	78,039.02	32,929.06	33,097.96	77,870.12
Developers' Escrow Fund	1,500,003.90	162,408.02	460,312.41	1,202,099.51
Municipal Alliance	1,938.12	163.00	35.00	2,066.12
Municipal Open Space	1,549,410.77	1,346,802.73	1,360,043.15	1,536,170.35
Other Developers' Escrow	89,808.93	125,091.97	6,686.06	208,214.84
Parking Offenses Adjudication Act		11.00		11.00
Public Defender	578.50	2,895.00	3,195.00	278.50
Recreation Trust	364,121.42	382,666.14	352,670.30	394,117.26
Redemption of Tax Sale Certificates	50.00	413,601.25	413,651.25	
Shade Tree	14,440.00			14,440.00
Tax Sale Premiums	151,700.00	58,600.00	127,900.00	82,400.00
Veteran's Memorial	12,133.30			12,133.30
	\$ 3,875,520.24	\$ 2,525,168.17	\$ 2,757,591.13	\$ 3,643,097.28
Receipts		\$ 2,525,168.17		
Disbursements			2,717,866.49	
Reserve for Encumbrances			39,724.64	
		\$ 2,525,168.17	\$ 2,757,591.13	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2010		\$ 238,326.90
Increased by:		
Township Contributions to Trustee	\$ 18,677.00	
Gain on Contributions	<u>7,515.49</u>	
		<u>26,192.49</u>
		264,519.39
Decreased by:		
Account Charge		<u>800.00</u>
Balance December 31, 2011		<u>\$ 263,719.39</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2010		\$ 772,659.36
Increased by Receipts:		
Grants Receivable	\$ 174,581.25	
Capital Improvement Fund	12,500.00	
Bond Anticipation Notes	<u>940,681.44</u>	
		<u>1,127,762.69</u>
		<u>1,900,422.05</u>
Decreased by Disbursements:		
Reserve to Pay Bonds Anticipated as Revenue in Current Fund	294,469.82	
Interfunds	185.45	
Miscellaneous Reserves	5,465.00	
Improvement Authorizations	439,717.50	
Bond Anticipation Notes	<u>515,356.71</u>	
		<u>1,255,194.48</u>
Balance December 31, 2011		\$ <u><u>645,227.57</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF FEDERAL AND STATE

GRANTS AND AID RECEIVABLE

Balance December 31, 2010		\$ 243,792.44
Increased by:		
Grant Award		<u>300,000.00</u>
		543,792.44
Decreased by:		
Receipts		<u>174,581.25</u>
Balance December 31, 2011		<u>\$ 369,211.19</u>

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

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Exhibit C-5

Balance December 31, 2010		\$ 9,455,048.52
Decreased by:		
2011 Budget Appropriation to Pay Serial Bonds and Loans	\$ 464,000.00	
Open Space Budget to Pay Loans	<u>37,031.03</u>	
		<u>501,031.03</u>
Balance December 31, 2011		<u>\$ 8,954,017.49</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance December 31, 2011								
		Balance Dec. 31, 2010	2011 Authorizations	Transfer from State Grants	Decreases	Balance Dec. 31, 2011	Bond Anticipation Notes	Expenditures	Excess Financing	Unexpended Improvement Authorizations
01-34	Renovations to the Clarksburg School	\$ 1,322.16	\$	\$	\$ 45.00	\$ 1,277.16	\$ 1,277.16	\$	\$	\$
01-43	Acquisition of Development Rights to the Buono Property	5,489.62			70.09	5,419.53	5,419.53		(181.44)	
06-12	Park Improvements	476,965.52			16,628.53	460,336.99	460,336.99			
06-13	2006 Road Improvement Program	1,203,333.33			30,854.69	1,172,478.64	1,172,478.64			
05-30,06-14	Acquisition of Property and Road Reconfiguration									
06-21	Brandywine Park Improvements	183,448.28			6,325.80	177,122.48	177,122.48		(8,212.11)	
06-22	Acquisition of Public Works Vehicles	253,333.33			28,148.15	225,185.18	225,185.18			
06-23	Various Improvements	95,465.21			4,100.74	91,364.47	91,364.47			
07-15	2007 Road Improvement Program	950,000.00				950,000.00	950,000.00			
07-16	Park Improvements - Phase II	190,000.00			5,683.76	645,984.00	190,000.00			
08-04	Acquisition of Development Easements	651,667.76		243,792.44	49,156.80	3,356,445.64	645,984.00			
08-05	Acquisition of Land for Open Space Purposes	3,161,810.00					3,356,445.64			
08-06	Acquisition of Development Easements for Open Space Purposes	1,257,495.01			16,363.14	1,241,131.87	1,241,131.87			
08-07	Acquisition of Development Easements for Open Space Purposes	1,635,270.72			20,655.03	1,614,615.69	1,611,092.49	3,523.20		
08-19	2008 Road Improvement Program	315,000.00				315,000.00	315,000.00			
08-20	Acquisition of Public Works Vehicles and Equipment	304,000.00				304,000.00	304,000.00			
08-21	ADA Improvements to Abate Park	95,000.00				95,000.00	95,000.00			
08-22	Site Improvements for Municipal Projects	71,250.00				71,250.00	71,250.00			
08-29	Stormwater Management Projects	275,500.00				275,500.00	275,500.00			
09-16	2009 Road Improvement Program	57,000.00				57,000.00	57,000.00			
10-03	Acquisition of Real Property	337,250.00				337,250.00	337,250.00			
10-21	2010 Road Improvement Program	47,500.00				47,500.00	47,500.00			
10-33	Acquisition of Real Property	413,250.00				413,250.00	413,250.00			
11-03	2011 Road Improvement Program		237,500.00			237,500.00	237,500.00			
		\$ 11,981,350.94	\$ 237,500.00	\$ 243,792.44	\$ 178,031.73	\$ 12,284,611.65	\$ 11,600,732.00	\$ 18,410.00	\$ (8,393.55)	\$ 673,863.20

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION

Sheet 2 of 2

UNFUNDED

Improvement Authorizations Unfunded \$ 1,010,359.11
Less: Unfunded Proceeds of Bond Anticipation Notes:

<u>Ordinance Number</u>	<u>Improvement Description</u>		
01-34	Renovations to the Clarksburg School	\$ 590.00	
01-43	Acquisition of Development Rights to the Buono Property	5,419.53	
06-23	Various Improvements	3,773.87	
07-16	Park Improvements - Phase II	83,447.95	
08-22	Site Improvements for Municipal Projects	35,346.20	
10-21	2010 Road Improvement Program	327.00	
11-03	2011 Road Improvement Program	<u>207,591.36</u>	
			<u>336,495.91</u>
			\$ <u><u>673,863.20</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF RESERVE FOR FEDERAL AND STATE

GRANTS AND AID RECEIVABLE

Increased by:	
Deferred Charges to Future Tax Unfunded	\$ <u>243,792.44</u>
Balance December 31, 2011	\$ <u><u>243,792.44</u></u>

SCHEDULE OF INTERFUND - CURRENT FUND

Exhibit C-8

Balance December 31, 2010 - (Due To)	\$ (185.45)
Increased by:	
Disbursements	<u>185.45</u>
Decreased by:	
Bond Anticipation Note Premium	<u>63,526.85</u>
Balance December 31, 2011 - Due From	\$ <u><u>63,526.85</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2010	\$ 136.08
Increased by:	
Budget Appropriation:	12,500.00
Receipts	<u>12,636.08</u>
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>12,500.00</u>
Balance December 31, 2011	<u><u>\$ 136.08</u></u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Deferred Charges to Future Taxation		Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Grants Receivable	Unfunded	Funded	Unfunded	
				\$	\$	\$	\$	\$	\$	\$	\$
01-34	Removals to the Clarksburg School	9/05/2001	400,000.00		590.00						590.00
01-43	Acquisition of Development Rights to the Buono Property	12/19/2001	533,000.00		5,560.00						5,419.53
03-19	Acquisition of Property	6/18/2003	1,155,418.00								
04-32	2004 Road Improvements	8/04/2004	1,150,000.00	25,792.63							
05-30, 06-14	Acquisition of Property and Road Reconfiguration	4/05/2006	1,450,000.00								
05-36	Acquisition of Public Works Vehicles	8/17/2005	450,000.00								
06-13	2006 Road Improvement Program	4/05/2006	1,500,000.00		2,362.39						2,362.39
06-21	Brandywine Park Improvements	6/21/2006	200,000.00		13.21						13.21
06-23	Various Improvements	6/21/2006	105,000.00		5,748.72						5,748.72
07-15	2007 Road Improvement Program	7/18/2007	1,000,000.00								
07-16	Park Improvements - Phase II	7/18/2007	200,000.00		84,045.69						84,045.69
08-04	Acquisition of Development Easements	2/20/2008	675,000.00								
08-05	Acquisition of Land for Open Space Purposes	2/20/2008	6,473,000.00								
08-06	Acquisition of Development Easements for Open Space Purposes	2/20/2008	3,270,000.00								
08-07	Acquisition of Development Easements for Open Space Purposes	2/20/2008	4,030,000.00								
08-19	2008 Road Improvement Program	7/02/2008	500,000.00								
08-20	Acquisition of Public Works Vehicles and Equipment	7/02/2008	320,000.00								
08-22	Site Improvements for Municipal Projects	7/02/2008	75,000.00		66,200.26						66,200.26
08-29	Stormwater Management Projects	11/05/2008	290,000.00		260,613.20						260,613.20
09-16	2009 Road Improvement Program	9/16/2009	250,000.00		593.51						593.51
10-03	Acquisition of Real Property	2/17/2010	355,000.00								
10-21	2010 Road Improvement Program	10/06/2010	50,000.00		55.00						55.00
10-33	Acquisition of Real Property	12/15/2010	435,000.00		413,250.00						413,250.00
11-03	2011 Road Improvement Program	4/06/2011	550,000.00								
				\$ 47,542.63	\$ 839,031.98	\$ 12,500.00	\$ 300,000.00	\$ 237,500.00	\$ 21,890.47	\$ 21,890.47	\$ 1,010,359.11
	Reserve for Encumbrances									\$ (35,392.47)	
	Disbursements									439,717.50	
										\$ 404,325.03	

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF PRELIMINARY COSTS PAYABLE

Balance December 31, 2010 and 2011

\$ 3,145.91

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-12

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance		Increases	Decreases	Balance
						Dec. 31, 2010	Dec. 31, 2011			
01-34	Renovations to the Clarksburg School	10/04/2007	9/27/2011	9/26/2012	2.25%	\$ 1,322.16	\$	\$	\$ 45.00	\$ 1,277.16
01-43	Acquisition of Development Rights to the Buono Property	10/04/2007	9/27/2011	9/26/2012	2.25%	5,489.62		70.09		5,419.53
06-12	Park Improvements	10/04/2007	9/27/2011	9/26/2012	2.25%	476,965.52	181.44	16,628.53		460,318.43
06-13	2006 Road Improvement Program	10/04/2007	9/27/2011	9/26/2012	2.25%	1,203,333.33		30,854.69		1,172,478.64
05-30,06-14	Acquisition of Property and Road Reconfiguration	10/04/2007	9/27/2011	9/26/2012	2.25%	8,393.55		181.44		8,212.11
06-21	Brandywine Park Improvements	10/04/2007	9/27/2011	9/26/2012	2.25%	183,448.28		6,325.80		177,122.48
06-22	Acquisition of Public Works Vehicles	10/04/2007	9/27/2011	9/26/2012	2.25%	253,333.33		28,148.15		225,185.18
06-23	Various Improvements	10/04/2007	9/27/2011	9/26/2012	2.25%	95,465.21		4,100.74		91,364.47
07-15	2007 Road Improvement Program	3/05/2009	3/01/2011	2/28/2012	1.83%	950,000.00	190,000.00			950,000.00
07-16	Park Improvements - Phase II	9/27/2011	9/27/2011	9/26/2012	2.25%	653,940.00		7,956.00		190,000.00
08-04	Acquisition of Development Easements	5/13/2008	3/15/2011	3/15/2012	2.50%	3,883,312.48		526,866.84		645,984.00
08-05	Acquisition of Land for Open Space	5/13/2008	3/15/2011	3/15/2012	2.50%					3,356,445.64
08-06	Acquisition of Development Easements for Open Space Purposes	5/13/2008	3/15/2011	3/15/2012	2.50%	1,292,688.00		51,556.13		1,241,131.87
08-07	Acquisition of Development Easements for Open Space Purposes	5/13/2008	3/15/2011	3/15/2012	2.50%	1,631,747.52		20,655.03		1,611,092.49
08-19	2008 Road Improvement Program	3/05/2009	3/01/2011	2/28/2012	1.83%	315,000.00				315,000.00
08-20	Acquisition of Public Works Vehicles and Equipment	3/05/2009	3/01/2011	2/28/2012	1.83%	304,000.00				304,000.00
08-21	ADA Improvements to Abate Park	3/05/2009	3/01/2011	2/28/2012	1.83%	95,000.00				95,000.00
08-22	Site Improvements to Municipal Projects	9/27/2011	9/27/2011	9/26/2012	2.25%		71,250.00			71,250.00
09-16	2009 Road Program	9/27/2011	9/27/2011	9/26/2012	2.25%		57,000.00			57,000.00
10-03	Acquisition of Real Property	9/27/2011	9/27/2011	9/26/2012	2.25%		337,250.00			337,250.00
10-21	2010 Road Improvement Program	9/27/2011	9/27/2011	9/26/2012	2.25%		47,500.00			47,500.00
11-03	2011 Road Improvement Program	9/27/2011	9/27/2011	9/26/2012	2.25%		237,500.00			237,500.00
						\$ 11,353,439.00	\$ 940,681.44	\$ 693,388.44	\$	\$ 11,600,732.00

Cash Disbursed \$ 515,356.71
 Paid by Budget Appropriation 86,173.00
 Paid by Open Space Trust 91,858.73
 \$ 693,388.44

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-13

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Paid by Budget Appropriation	Balance Dec. 31, 2011
			Outstanding Date	Amount				
General Improvements	12/01/2005	\$ 10,670,000.00	12/01/2012	\$ 434,000.00	5.000%			
			12/01/2013	455,000.00	5.000%			
			12/01/2014	478,000.00	5.000%			
			12/01/2015	502,000.00	5.000%			
			12/01/2016	527,000.00	5.000%			
			12/01/2017	553,000.00	4.000%			
			12/01/2018	575,000.00	4.125%			
			12/01/2019	599,000.00	4.125%			
			12/01/2020	624,000.00	4.500%			
			12/01/2021	652,000.00	4.125%			
			12/01/2022	679,000.00	5.000%			
			12/01/2023	713,000.00	4.250%			
			12/01/2024	748,000.00	4.375%			
			12/01/2025	773,000.00	4.375%			
						\$ 8,725,000.00	\$ 413,000.00	\$ 8,312,000.00

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-14

GENERAL CAPITAL FUND

Sheet 1 of 2

SCHEDULE OF GREEN TRUST LOAN PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Open Space Trust Budget</u>	<u>Balance Dec. 31, 2011</u>
Purchase of Development Rights - Top Step Farm	12/02/98	\$ 694,814.25	See Sheet 2	2.00%	\$ 317,948.52	\$ 37,031.03	\$ 280,917.49

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-14

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 2

BOARDWALK RECONSTRUCTION

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>
26	3/02/2012	\$ 18,793.71	\$ 2,809.17
27	9/02/2012	18,981.65	2,621.24
28	3/02/2013	19,171.46	2,431.42
29	9/02/2013	19,363.18	2,239.71
30	3/02/2014	19,556.81	2,046.07
31	9/02/2014	19,752.38	1,850.51
32	3/02/2015	19,949.90	1,652.98
33	9/02/2015	20,149.40	1,453.48
34	3/02/2016	20,350.89	1,251.99
35	9/02/2016	20,554.40	1,048.48
36	3/02/2017	20,759.95	842.94
37	9/02/2017	20,967.55	635.34
38	3/02/2018	21,177.22	425.66
39	9/02/2018	21,388.99	213.89
		<u>\$ 280,917.49</u>	<u>\$ 21,522.88</u>

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

Exhibit C-15

GENERAL CAPITAL FUND

SCHEDULE OF LEASE REVENUE BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>												
General Improvements	10/04/2007	\$ 551,000.00	<table border="0"> <tr> <td>9/01/2012</td> <td>\$ 53,100.00</td> </tr> <tr> <td>9/01/2013</td> <td>55,700.00</td> </tr> <tr> <td>9/01/2014</td> <td>58,500.00</td> </tr> <tr> <td>9/01/2015</td> <td>61,500.00</td> </tr> <tr> <td>9/01/2016</td> <td>64,500.00</td> </tr> <tr> <td>9/01/2017</td> <td>67,800.00</td> </tr> </table>	9/01/2012	\$ 53,100.00	9/01/2013	55,700.00	9/01/2014	58,500.00	9/01/2015	61,500.00	9/01/2016	64,500.00	9/01/2017	67,800.00	5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	\$ 412,100.00	\$ 51,000.00	\$ 361,100.00
9/01/2012	\$ 53,100.00																		
9/01/2013	55,700.00																		
9/01/2014	58,500.00																		
9/01/2015	61,500.00																		
9/01/2016	64,500.00																		
9/01/2017	67,800.00																		

TOWNSHIP OF MILLSTONE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-16

SCHEDULE OF MISCELLANEOUS RESERVES

<u>Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
Recreation Improvements - 2007	\$ 17,295.46	\$ 4,265.00	\$ 13,030.46
D.O.C. Imaging System - 2007	14,995.01	1,200.00	13,795.01
	<u>\$ 32,290.47</u>	<u>\$ 5,465.00</u>	<u>\$ 26,825.47</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Exhibit C-17

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>
08-07	Acquisition of Development Easements for Open Space Purposes	\$ 3,523.20
08-29	Stormwater Management Projects	275,500.00
10-33	Acquisition of Real Property	413,250.00
		<u>\$ 692,273.20</u>

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Township of Millstone (the "Township"), as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and a qualified opinion since the Division does not require the Length of Service Award Program ("LOSAP") to be audited. Except as noted in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

Management of the Township is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Township dated June 26, 2012. The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

William E. Antonides and Company
Independent Auditors

June 26, 2012

SCHEDULE OF FINDING AND RESPONSE

11-01 **Criteria** - In accordance with N.J.A.C. 5:30-5.2, "All local units shall maintain an encumbrance accounting system for all funds".

Condition - The encumbrance accounting system was not properly maintained in all instances.

Cause - Funds were not encumbered prior to the receipt of invoices from vendors.

Effect - Charges were not recorded against amounts appropriated at the time the goods were ordered so that the funds allocated for such purposes were reserved and could not be used for other charges within that line item.

Recommendation - That internal control procedures be instituted in order to ensure that the encumbrance accounting system is maintained.

Management's Response - The Township of Millstone does effectively maintain an encumbrance accounting system for all funds. There was a minimal percentage of sampled items which were not encumbered prior to invoice receipt. Other samples tested included items which are typically not encumbered, such as utility bills, insurance payments, employee reimbursements, legal, engineering, audit and escrow releases, as well as others. Procedures will be reviewed with affected department personnel.

TOWNSHIP OF MILLSTONE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

An audit of the financial accounts and transactions of the Township of Millstone, in the County of Monmouth, for the year ended December 31, 2011, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

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

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

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

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

GENERAL COMMENTS

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

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

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

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

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

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

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

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

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

Collection of Interest on Delinquent Taxes

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

The governing body on January 5, 2011 adopted a resolution authorizing interest to be charged on delinquent taxes at the rate of eight percent (8%) per annum on all delinquent taxes for the first \$1,500 of delinquency, and eighteen percent (18%) per annum, for amounts over \$1,500 and said interest may be waived for ten (10) day grace period after they become due.

A resolution adopted by the governing body on January 5, 2011, authorized the charging of penalty of six percent (6%) to any property with a tax delinquency in excess of \$10,000 at year-end.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 22, 2011 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2011	19
2010	18
2009	18

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	25
Tax Circulars	25

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

Miscellaneous

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

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

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

Individual payments of the Local School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2011.

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

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

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

FINDINGS/RECOMMENDATIONS

None.

ACKNOWLEDGEMENT

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

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

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