

**TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH**

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

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TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT OF THE TOWNSHIP'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Freehold, County of Monmouth, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matters, as 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 of Freehold, County of Monmouth, State of New Jersey, as of December 31, 2013, or the results of its operations and changes in fund balance for the year then ended

Unmodified Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Freehold, County of Monmouth, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not required parts of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2012, were audited by other auditors whose report dated July 19, 2013 expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2014, on our consideration of the Township of Freehold's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Freehold's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

July 26, 2014
Freehold, New Jersey

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
<u>Regular Funds</u>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 29,043,878.08	\$ 28,392,872.41
Change Funds		1,350.00	1,350.00
Due from State of New Jersey: (Chapter 20, P.L. 1971)			4,144.01
		<u>29,045,228.08</u>	<u>28,398,366.42</u>
Receivables with Full Reserves:			
Due from Monmouth County	A-3	660.26	
Police Special Duty Receivable	A-4	46,949.74	58,775.26
Delinquent Property Taxes Receivable	A-5	1,171,135.18	1,533,457.09
Tax Title Liens Receivable	A-6	293,357.67	285,847.02
Property Acquired for Taxes at Assessed Value		584,150.00	584,150.00
Weed Liens Receivable		1,400.00	2,665.00
Revenue Accounts Receivable	A-7	117,399.96	79,517.84
Shared Services Agreements Receivable			43,974.05
Interfunds:			
Animal Control Trust Fund	A-12	6,739.29	
Other Trust Fund	A-12		2,667.05
General Capital Fund	A-12	1,837.94	
		<u>2,223,630.04</u>	<u>2,591,053.31</u>
Deferred Charges:			
Emergency Authorizations (40A:4-47)			
Special Emergency Authorizations (40A:4-55)	A-3	280,000.00	350,000.00
		<u>31,548,858.12</u>	<u>31,339,419.73</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-13	232,950.49	196,174.00
Grants Receivable	A-14	182,717.82	447,119.10
		<u>415,668.31</u>	<u>643,293.10</u>
		<u>\$ 31,964,526.43</u>	<u>\$ 31,982,712.83</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Regular Funds</u>			
Liabilities:			
Appropriation Reserves	A-3,8	\$ 2,377,977.28	\$ 2,327,000.97
Reserve for Encumbrances	A-3,8	382,607.22	347,800.69
Special Emergency Note Payable	A-4	280,000.00	350,000.00
Due to State of New Jersey for Fees Collected	A-4	41,219.00	13,406.00
Due to Freehold Shopping Center	A-4	3,472.00	2,968.00
Due to Freehold Borough	A-4	44,978.00	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Regular Funds (Continued)</u>			
Liabilities (Continued):			
Tax Overpayments		\$ 234,408.41	\$ 232,378.73
Accounts Payable		690,000.00	729,374.70
Prepaid Health Benefits	A-3,4	6,574.77	7,531.84
Prepaid Fees and Permits	A-4,7	680.00	2,401.00
Prepaid State Aid	A-7		18,206.00
Prepaid Taxes		542,952.26	615,197.45
Due from State of New Jersey (Chapter 20, P.L. 1971)		1,276.53	
Due County for Added and Omitted Taxes	A-9	27,742.19	127,968.95
Local District School Tax Payable	A-10	3,728,282.00	3,156,819.02
Regional High School Tax Payable	A-11	12,551,115.29	12,187,155.09
Reserve for:			
Sale of Liquor License	A-1	1,011,111.00	1,511,111.00
Taxes Collected on Appeal	A-3,4	350,794.30	322,842.82
Reassessment	A-4	35,000.00	260,000.00
Historical Preservation	A-4	1,149.00	3,274.00
Interfunds:			
Other Trust Fund	A-12	7,865.91	514,418.00
General Capital Fund	A-12		80,000.00
Water-Sewer Utility Operating Fund	A-12		13,102.83
Water-Sewer Utility Capital Fund	A-12		31,100.00
Grant Fund	A-13	232,950.49	196,174.00
		<u>22,552,155.65</u>	<u>23,050,231.09</u>
Reserve for Receivables and Other Assets		2,223,630.04	2,591,053.31
Fund Balance	A-1	6,773,072.43	5,698,135.33
		<u>31,548,858.12</u>	<u>31,339,419.73</u>
<u>Grant Fund</u>			
Interfunds:			
Other Trust Fund	A-13,15		312.00
Water-Sewer Utility Operating Fund	A-13		35,000.00
Reserve for Encumbrances	A-15	82,476.95	269,052.19
Appropriated Reserves	A-15	244,390.09	324,571.51
Unappropriated Reserves	A-16	88,801.27	14,357.40
		<u>415,668.31</u>	<u>643,293.10</u>
		<u>\$ 31,964,526.43</u>	<u>\$ 31,982,712.83</u>

There were deferred school taxes on December 31, 2013 and 2012 of \$25,566,589 (Schedule A-10).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 4,431,915.00	\$ 4,955,554.00
Miscellaneous Revenue Anticipated	A-2	14,693,502.09	14,195,365.64
Receipts from Delinquent Taxes	A-2	1,505,624.98	1,329,653.80
Receipts from Current Taxes	A-2	126,792,530.70	123,852,099.31
Non-Budget Revenues	A-2	880,391.77	1,139,605.95
Other Credits to Income:			
Cancelled Old Outstanding Checks	A-4	630.00	
Unexpended Balance of Appropriation Reserves	A-8	2,076,133.90	1,820,425.17
Statutory Excess in Dog License Trust	A-12	6,739.29	2,655.31
Adjustment to Escrow Interest	A-12	26,821.85	
Interfunds Liquidated			6,839.39
Cancel Appropriated Grant Reserve	A-13	14,953.26	1,406.32
Cancel Portion of Sale of Municipal Assets		500,000.00	
Reserve for Receivables:			
Police Special Duty Receivable		11,825.52	
Accounts Payable Cancelled		35,846.56	228,892.61
Total Income		<u>150,976,914.92</u>	<u>147,532,497.50</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		14,372,195.71	14,161,200.64
Other Expenses		12,204,963.16	12,277,189.00
Capital Improvements		400,000.00	150,000.00
Deferred Charges and Statutory Expenditures		3,556,598.00	3,601,522.00
Municipal Debt Service		5,214,400.31	5,176,664.32
Transferred to Board of Education		947,453.00	951,978.00
Budget Totals	A-3	<u>36,695,610.18</u>	<u>36,318,553.96</u>
Refund of Prior Year Revenue	A-4	67.00	84.25
Municipal Open Space Tax	A-4,5	1,646,040.00	1,834,451.16
Special District Taxes - Fire	A-4,5	1,992,000.00	1,943,428.00
County Taxes	A-9	17,936,608.10	17,904,291.30
Due County for Added and Omitted Taxes	A-9	27,742.19	127,968.95
Local District School Taxes	A-10	61,287,242.00	60,085,654.00
Regional School District Taxes	A-11	25,868,894.29	25,111,866.09
Cancel Grant Receivable	A-13	2,038.62	2,810.18
Interfund Advances		5,910.18	
Reserve for Receivables:			
Police Special Duty Receivable			15,084.06
Due from Monmouth County		660.26	
Prior Year Deductions Disallowed		7,250.00	6,750.00
Total Expenditures		<u>145,470,062.82</u>	<u>143,350,941.95</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Excess in Revenue		\$ 5,506,852.10	\$ 4,181,555.55
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Years			350,000.00
Statutory Excess to Fund Balance		<u>5,506,852.10</u>	<u>4,531,555.55</u>
Fund Balance January 1	A	<u>5,698,135.33</u>	<u>6,122,133.78</u>
		11,204,987.43	10,653,689.33
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,431,915.00</u>	<u>4,955,554.00</u>
Fund Balance December 31	A	<u><u>6,773,072.43</u></u>	<u><u>5,698,135.33</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Exhibit A-2

Sheet 1 of 3

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
		\$	\$	\$	\$
Fund Balance Anticipated	A-1	4,431,915.00		4,431,915.00	
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-7	40,000.00		45,688.00	5,688.00
Other	A-7	65,000.00		71,180.27	6,180.27
Fees and Permits:					
Construction Code Official	A-7	785,000.00		1,568,251.00	783,251.00
Other	A-7	214,000.00		238,800.63	24,800.63
Fines and Costs:					
Municipal Court	A-7	1,150,000.00		1,291,910.31	141,910.31
Interest and Costs on Taxes	A-4	230,000.00		342,266.79	112,266.79
Interest on Investments and Deposits	A-7	280,000.00		214,549.10	(65,450.90)
Cable Television Franchise Fees	A-7	337,024.00		337,024.00	
Verizon Franchise Fees	A-7	131,163.00		131,163.11	.11
State Aid:					
Energy Receipts Tax	A-7	7,418,109.00		7,418,109.00	
Garden State Trust Pilot	A-7	18,206.00		18,206.00	
Special Items:					
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse	A-13	41,010.00		41,010.00	
Body Armor Fund	A-13	5,841.51		5,841.51	
Clean Communities Program	A-13		70,945.06	70,945.06	
Drunk Driving Enforcement Fund	A-13	8,515.89	6,479.82	14,995.71	
Safe and Secure Communities Program	A-13	60,000.00		60,000.00	
Safe Corridors	A-13		130,131.44	130,131.44	
Other:					
NJPCA/DHSS Community Funding	A-13	6,391.00		6,391.00	
Federal Grants:					
Click It or Ticket	A-13	4,000.00		4,000.00	
Drive Sober or Get Pulled Over	A-13		8,800.00	8,800.00	
Uniform Fire Safety Act	A-7	80,975.41		95,566.22	14,590.81

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Other Special Items:					
Shared Services Agreements:					
Automotive Services	A-7	\$ 50,000.00	\$	\$ 24,532.18	\$ (25,467.82)
Board of Health	A-7	139,471.00		148,142.35	8,671.35
Board of Health - Lead Inspector	A-7	2,600.00		2,140.80	(459.20)
Bureau of Fire Prevention	A-7	3,500.00		5,120.00	1,620.00
Diesel Fuel	A-7	307,000.00		318,303.85	11,303.85
Information Technology - Freehold Borough	A-7	11,000.00		8,700.00	(2,300.00)
Information Technology - Manalapan	A-7	82,000.00		107,416.21	25,416.21
Operational Services	A-7	16,000.00		21,338.00	5,338.00
Police Services	A-7	8,000.00		9,270.06	1,270.06
Hotel/Motel Tax	A-7	100,000.00		139,747.97	39,747.97
Open Space - Debt Service	A-7	1,356,000.00		1,356,000.00	
Open Space - Park Maintenance	A-7	224,000.00		224,000.00	
Payments in Lieu of Taxes	A-7	75,000.00		103,709.52	28,709.52
Reserve for Detention Basin	A-7	100,000.00		100,000.00	
Reserve for Municipal Alliance	A-7	10,252.00		10,252.00	
Total Miscellaneous Revenues	A-1	<u>13,360,058.81</u>	<u>216,356.32</u>	<u>14,693,502.09</u>	<u>1,117,086.96</u>
Receipts from Delinquent Taxes	A-1,2	1,470,000.00		1,505,624.98	35,624.98
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	<u>19,072,807.37</u>		<u>19,886,034.50</u>	<u>813,227.13</u>
Budget Totals		38,334,781.18	216,356.32	40,517,076.57	1,965,939.07
Non-Budget Revenues	A-1,2			<u>880,391.77</u>	<u>880,391.77</u>
		<u>\$ 38,334,781.18</u>	<u>\$ 216,356.32</u>	<u>\$ 41,397,468.34</u>	<u>\$ 2,846,330.84</u>
Ref.		A-3	A-3		
					A-3

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collection</u>		
Revenue from Collections	A-1,5	\$ 126,792,530.70
Allocated to School, County and Special District Taxes	A-5	108,758,527.29
Balance for Support of Municipal Budget Appropriations		<u>18,034,003.41</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,852,031.09</u>
 Amount for Support of Municipal Appropriations	 A-2	 <u><u>\$ 19,886,034.50</u></u>
 <u>Delinquent Taxes</u>		
Taxes Receivable	A-2,5	<u><u>\$ 1,505,624.98</u></u>
 <u>Analysis of Non-Budget Revenue</u>		
Administrative Fees Senior Citizens/Veterans		\$ 5,098.99
Board of Adjustment		38,701.52
Board of Health - Medicare Part B		7,920.51
Cell Tower Lease		64,176.33
Finance		24,950.74
Fire Bureau		113,026.00
Housing Fees		252,656.97
Impound Yard Fees		23,713.60
Meeting Room Rental		400.00
Miscellaneous		53,831.57
MVC Inspection Fees		7,851.00
Planning Board		85,991.24
Police Department		34,647.26
Police Special Duty		111,657.93
Recycling		53,010.09
Tax Collector		2,658.02
Tax Map Revision		<u>100.00</u>
	A-2,4	<u><u>\$ 880,391.77</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government</u>						
Administrative and Executive						
Salaries and Wages	\$ 210,000.00	\$ 210,000.00	\$ 209,235.98	\$ 764.02	\$	
Other Expenses	6,000.00	6,000.00	1,961.67	4,038.33		
Public Information Office						
Salaries and Wages	31,000.00	31,000.00	30,420.00	580.00		
Other Expenses	8,075.00	8,075.00	2,280.02	5,794.98		
Purchasing Department						
Salaries and Wages	40,000.00	40,000.00	39,260.74	739.26		
Other Expenses	31,200.00	31,200.00	21,873.23	9,326.77		
Human Resources						
Salaries and Wages	49,000.00	49,000.00	48,686.45	313.55		
Other Expenses	12,000.00	12,000.00	5,817.25	6,182.75		
Mayor and Township Committee						
Salaries and Wages	46,000.00	46,000.00	45,480.61	519.39		
Other Expenses	22,800.00	22,800.00	16,693.92	6,106.08		
Municipal Clerk						
Salaries and Wages	165,000.00	165,000.00	161,510.64	3,489.36		
Other Expenses	93,950.00	93,950.00	74,142.66	19,807.34		
Elections						
Salaries and Wages	1,000.00	1,000.00	794.13	205.87		
Other Expenses	15,200.00	15,200.00	9,392.08	5,807.92		
Financial Administration						
Salaries and Wages	140,000.00	144,200.00	144,152.93	47.07		
Other Expenses	87,300.00	90,800.00	82,598.75	8,201.25		
Audit	34,500.00	30,750.00	30,750.00			
Information Technology						
Salaries and Wages	165,000.00	165,000.00	164,865.81	134.19		
Other Expenses	107,000.00	107,000.00	85,148.01	21,851.99		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget	Paid or Charged		Charged	Reserved	
Revenue Administration (Collection of Taxes)						
Salaries and Wages	\$ 79,000.00	\$ 79,000.00	\$ 79,000.00	\$ 78,096.99	\$ 903.01	\$
Other Expenses	17,950.00	17,950.00	17,950.00	16,473.91	1,476.09	
Assessment of Taxes						
Salaries and Wages	129,000.00	129,000.00	129,000.00	128,679.61	320.39	
Other Expenses	110,750.00	135,750.00	135,750.00	117,987.21	17,762.79	
Cost of Tax Appeals	125,000.00	100,000.00	100,000.00	100,000.00		
Legal Services and Costs						
Other Expenses	400,000.00	400,000.00	400,000.00	159,659.90	240,340.10	
Affordable Housing Services and Costs						
Other Expenses	70,000.00	70,000.00	70,000.00	47,647.25	22,352.75	
Engineering Services and Costs						
Salaries and Wages	310,000.00	310,000.00	310,000.00	261,504.03	48,495.97	
Other Expenses	39,350.00	39,350.00	39,350.00	6,866.20	32,483.80	
Historical Preservation						
Other Expenses	2,150.00	2,150.00	2,150.00	622.68	1,527.32	
Municipal Land Use Law Planning Board						
Salaries and Wages	31,000.00	31,700.00	31,700.00	31,648.36	51.64	
Other Expenses	60,000.00	59,300.00	59,300.00	44,425.00	14,875.00	
Board of Adjustment						
Salaries and Wages	37,000.00	37,000.00	37,000.00	36,282.04	717.96	
Other Expenses	14,200.00	14,200.00	14,200.00	6,750.13	7,449.87	
Insurance						
Group Insurance	5,263,000.00	5,263,000.00	5,263,000.00	5,089,460.80	173,539.20	
Other Insurance	245,000.00	241,000.00	241,000.00	240,395.45	604.55	
Workmen's Compensation	505,134.30	502,134.30	502,134.30	502,048.70	85.60	
Health Benefit Waiver	78,000.00	86,000.00	86,000.00	85,800.00	200.00	
Code Enforcement - Other						
Salaries and Wages	93,000.00	89,800.00	89,800.00	89,606.85	193.15	
Other Expenses	2,500.00	200.00	200.00		200.00	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>Public Safety</u>						
Police						
Salaries and Wages	\$ 8,270,000.00	\$ 8,270,000.00	\$ 7,913,365.26	\$ 356,634.74	\$	
Other Expenses	210,000.00	210,000.00	137,678.20	72,321.80		
M.C.I.A. Lease	88,930.00	88,930.00	88,855.46			74.54
Office of Emergency Management						
Salaries and Wages	10,000.00	10,000.00	9,642.42	357.58		
Other Expenses	500.00	500.00		500.00		
First Aid Organization - Contribution	35,000.00	35,000.00	35,000.00			
Bureau of Fire Protection						
Salaries and Wages	25,000.00	28,600.00	28,519.22	80.78		
Other Expenses	5,500.00	4,800.00	4,075.00	725.00		
Uniform Fire Safety Act						
Salaries and Wages	85,000.00	89,200.00	88,914.67	285.33		
Municipal Prosecutor						
Salaries and Wages	64,000.00	64,000.00	62,591.83	1,408.17		
	1,500.00	1,500.00		1,500.00		
<u>Public Works</u>						
Road Repairs and Maintenance						
Salaries and Wages	947,000.00	962,000.00	951,108.27	10,891.73		
Other Expenses	408,250.00	393,250.00	325,684.50	67,565.50		
Snow Removal						
Salaries and Wages	125,000.00	125,000.00	60,299.46	64,700.54		
Other Expenses	275,000.00	275,000.00	187,355.47	87,644.53		
Shade Tree Commission						
Salaries and Wages	104,000.00	104,000.00	101,725.20	2,274.80		
Other Expenses	22,000.00	22,000.00	2,528.00	19,472.00		
Recycling						
Salaries and Wages	89,000.00	89,000.00	85,861.62	3,138.38		
Other Expenses	325,000.00	325,000.00	269,254.26	55,745.74		
Public Buildings and Grounds						
Salaries and Wages	301,000.00	320,500.00	319,245.01	1,254.99		
Other Expenses	121,000.00	120,500.00	95,659.66	24,840.34		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	<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>Reserved</u>	<u>Reserved</u>	
Equipment Maintenance and Repair						
Salaries and Wages	\$ 372,000.00	\$ 383,000.00	\$ 381,682.67	\$ 1,317.33	\$	
Other Expenses	365,000.00	354,000.00	270,062.65	83,937.35		
Condominium Services Act						
Other Expenses	115,000.00	86,350.00	62,876.06	23,473.94		
<u>Health and Welfare</u>						
Board of Health						
Salaries and Wages	313,000.00	313,000.00	307,661.79	5,338.21		
Other Expenses	101,470.00	101,470.00	66,291.25	35,178.75		
Animal Control						
Other Expenses	53,708.00	53,708.00	53,708.00			
Environmental Commission						
Other Expenses	400.00	400.00		400.00		
<u>Recreation and Education</u>						
Board of Recreation Commissioners						
Salaries and Wages	684,000.00	684,000.00	646,016.28	37,983.72		
Other Expenses	148,200.00	148,200.00	148,160.84	39.16		
Senior Center						
Salaries and Wages	93,000.00	93,000.00	86,569.37	6,430.63		
Other Expenses	18,000.00	18,000.00	17,863.35	136.65		
<u>Municipal Court</u>						
Municipal Court						
Salaries and Wages	376,000.00	376,000.00	367,693.39	8,306.61		
Other Expenses	16,935.00	16,935.00	13,264.97	3,670.03		
Public Defender						
Other Expenses	10,000.00	10,000.00	10,000.00			

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	<u>Appropriated</u>		Paid or Charged	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>			<u>Reserved</u>	
<u>Uniform Construction Code</u>						
State Uniform Construction Code Official						
Salaries and Wages	\$ 515,000.00	\$ 515,000.00	\$ 508,462.96	\$ 6,537.04	\$	
Other Expenses	28,925.00	28,925.00	18,728.16	10,196.84		
<u>Unclassified</u>						
<u>Utilities:</u>						
Electricity	325,000.00	325,000.00	203,647.07	121,352.93		
Street Lighting	425,000.00	425,000.00	287,074.03	137,925.97		
Telephone	105,000.00	105,000.00	76,486.20	28,513.80		
Natural Gas	105,000.00	105,000.00	64,538.21	40,461.79		
Water and Sewer	87,000.00	87,000.00	44,919.14	42,080.86		
Fuel Oil and Gasoline	525,000.00	525,000.00	385,064.43	139,935.57		
Total Operations within Caps	25,172,377.30	25,169,277.30	23,007,154.32	2,162,048.44	74.54	
Contingent	1.00	1.00		1.00		
Total Operations (Including Contingent) within Caps	25,172,378.30	25,169,278.30	23,007,154.32	2,162,049.44	74.54	
<u>Detail:</u>						
Salaries and Wages	13,977,000.00	14,040,000.00	13,475,384.59	564,615.41		
Other Expenses	11,195,378.30	11,129,278.30	9,531,769.73	1,597,434.03	74.54	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>						
<u>Contribution to:</u>						
Public Employees Retirement System	661,153.00	661,153.00	659,564.94	1,588.06		
Social Security System (O.A.S.I.)	1,050,000.00	1,050,000.00	982,436.24	67,563.76		
Police and Firemen's Retirement System of NJ	1,713,345.00	1,713,345.00	1,713,345.00			
Unemployment Compensation Insurance	25,000.00	25,000.00		25,000.00		
Defined Contribution Retirement Program	1,100.00	2,100.00		78.75		
Sick Leave Trust Account	35,000.00	35,000.00		35,000.00		
Total Statutory Expenditures within Caps	3,485,598.00	3,486,598.00	3,357,367.43	129,230.57		
Total Appropriations within Caps	28,657,976.30	28,655,876.30	26,364,521.75	2,291,280.01	74.54	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
SFSP Fire District Payment	\$ 9,252.00	\$ 9,252.00	\$ 9,252.00	\$	\$
Length of Service Awards Program (LOSAP)	25,000.00	25,000.00		25,000.00	
Local Matching Fund for Grants	500.00	500.00		500.00	
<u>Shared Service Agreements</u>					
Bureau of Fire Prevention					
Salaries and Wages	3,500.00	5,000.00	4,904.40	95.60	
Board of Health					
Salaries and Wages	98,000.00	98,000.00	94,912.84	3,087.16	
Lead Inspector - Long Branch	2,600.00	2,600.00	2,600.00		
Other Expenses	41,471.00	41,471.00	22,958.80	18,512.20	
Road Repair and Maintenance					
Fuel Oil					
Other Expenses	307,000.00	307,000.00	301,024.65	5,975.35	
Equipment Maintenance					
Other Expenses	50,000.00	50,000.00	21,276.46	28,723.54	
Police Special Services					
Salaries and Wages	8,000.00	8,000.00	7,586.75	413.25	
Information Technology					
Salaries and Wages - Manalapan Township	82,000.00	82,600.00	82,545.73	54.27	
Salaries and Wages - Freehold Borough	11,000.00	11,000.00	7,822.84	3,177.16	
Dispatch Services					
County of Monmouth					
Other Expenses	369,165.39	369,165.39	369,165.00	.39	
Operational Services					
Salaries and Wages	16,000.00	16,000.00	14,841.65	1,158.35	
<u>Public and Private Programs Offset by Revenues</u>					
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse:					
State Share	41,010.00	41,010.00	41,010.00		
Local Share	10,252.00	10,252.00	10,252.00		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
State Grants:	\$	5,841.51	\$	5,841.51	\$	\$
Body Armor Fund				70,945.06		
Clean Communities Program		8,515.89		14,995.71		
Drunk Driving Enforcement Fund						
Safe and Secure Communities Program:						
State Share		60,000.00		60,000.00		
Local Share		30,000.00		30,000.00		
Safe Corridors		130,131.44		130,131.44		
Other:						
NJPCA/DHSS Community Funding		6,391.00		6,391.00		
Federal Grants:						
Click It or Ticket		4,000.00		4,000.00		
Drive Sober or Get Pulled Over				8,800.00		
Total Operations excluded from Caps		1,189,498.79		1,321,257.84		86,697.27
Detail:						
Salaries and Wages		323,615.89		324,209.92		7,985.79
Other Expenses		865,882.90		997,047.92		78,711.48
Capital Improvement Fund		400,000.00		400,000.00		

CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS

Capital Improvement Fund	400,000.00	
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MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS

Payment of Bond Principal	2,695,000.00				
Payment of Bond Anticipation and Capital Notes	600,000.00		2,695,000.00		1,837.94
Interest on Bonds	655,660.00		600,000.00		.44
Interest on Notes	105,790.00		655,660.00		293.87
Green Trust Loan Program	448,089.00		105,790.00		.08
M.C.I.A. Bond Principal	338,000.00		448,089.00		
M.C.I.A. Bond Interest	226,253.00		338,000.00		9.51
M.C.I.A. Lease Principal	117,900.00		226,253.00		32.26
M.C.I.A. Lease Interest	31,130.00		117,900.00		1,247.59
Total Municipal Debt Service excluded from Caps	5,217,822.00		5,217,822.00		3,421.69

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	\$	\$
<u>TRANSFERRED TO BOARD OF EDUCATION</u>					
Board of Education	947,453.00	947,453.00	947,453.00		
Total General Appropriations excluded from Caps	<u>7,824,773.79</u>	<u>8,043,230.11</u>	<u>7,953,111.15</u>	<u>86,697.27</u>	<u>3,421.69</u>
Subtotal General Appropriations	<u>36,482,750.09</u>	<u>36,699,106.41</u>	<u>34,317,632.90</u>	<u>2,377,977.28</u>	<u>3,496.23</u>
Reserve for Uncollected Taxes	<u>1,852,031.09</u>	<u>1,852,031.09</u>	<u>1,852,031.09</u>		
Total General Appropriations	<u>\$ 38,334,781.18</u>	<u>\$ 38,551,137.50</u>	<u>\$ 36,169,663.99</u>	<u>\$ 2,377,977.28</u>	<u>\$ 3,496.23</u>

Ref.

Budget	\$ 38,334,781.18	A
Added by N.J.S. 40A:4-87	<u>216,356.32</u>	A
	<u>\$ 38,551,137.50</u>	
Disbursements	\$ 33,391,163.30	
Reserve for:		
Encumbrances	382,607.22	
Tax Appeals	100,000.00	
Uncollected Taxes	1,852,031.09	
Special Emergency Authorization Raised	70,000.00	
Prepaid Health Premiums	(7,531.84)	
Due from Monmouth County	(660.26)	
Interfunds:		
Other Funds	(312.24)	
Grant Fund	<u>382,366.72</u>	
	<u>\$ 36,169,663.99</u>	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>72,709.49</u>	\$ <u>59,591.25</u>
<u>Other Trust Fund</u>			
Cash	B-1	9,530,513.40	6,776,925.68
Shade Tree Receivable		38,785.00	38,785.00
Due from Municipal Court	B-1		1,771.50
Interfunds:			
Current Fund	B-6	7,865.91	514,418.00
Grant Fund	B-6		312.00
		<u>9,577,164.31</u>	<u>7,332,212.18</u>
		\$ <u>9,649,873.80</u>	\$ <u>7,391,803.43</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Licenses	B-1,3	\$ 15,052.80	\$ 14,043.40
Due State of New Jersey	B-2		4.20
Reserve for Animal Control Trust Fund	B-3	50,917.40	42,876.60
Interfund - Current Fund	B-4	<u>6,739.29</u>	<u>2,667.05</u>
		<u>72,709.49</u>	<u>59,591.25</u>
<u>Other Trust Fund</u>			
Miscellaneous Reserves	B-5	9,538,379.31	7,293,427.18
Reserve for Receivable		38,785.00	38,785.00
		<u>9,577,164.31</u>	<u>7,332,212.18</u>
		\$ <u>9,649,873.80</u>	\$ <u>7,391,803.43</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 8,740,465.17	\$ 5,873,467.86
Grants Receivable	C-2	134,434.04	346,934.04
Interfund - Current Fund	C-2		80,000.00
Loan Receivable		311,890.39	311,890.39
Accounts Receivable			
Offset with Reserves		51,000.00	68,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	26,793,450.59	24,581,554.11
Unfunded	C-5	21,975,523.70	29,969,267.89
Capital Lease		1,507,800.00	864,500.00
		<u>\$ 59,514,563.89</u>	<u>\$ 62,095,614.29</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 24,441,000.00	\$ 21,834,000.00
Green Trust Loan	C-7	2,352,450.59	2,747,554.11
Bond Anticipation Notes	C-8	8,000,000.00	10,229,000.00
Interfund - Current Fund	C-8	1,837.94	
Improvement Authorizations:			
Funded	C-9	951,164.71	276,236.93
Unfunded	C-9	19,700,831.49	22,926,982.46
Capital Improvement Fund	C-10	721,335.54	1,071,335.54
Down Payments on Improvements	C-11	95,737.00	95,737.00
M.C.I.A. Lease Payable	C-12	1,507,800.00	864,500.00
Reserve for:			
Debt Service	C-2	635.54	651,090.36
Historical Preservation		15,590.20	15,590.20
Improvements		21,376.00	21,376.00
Reserve for Receivables:			
Accounts Receivables		51,000.00	68,000.00
Loans Receivable		311,890.39	311,890.39
Fund Balance	C-1	1,341,914.49	982,321.30
		<u>\$ 59,514,563.89</u>	<u>\$ 62,095,614.29</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$13,975,523.70 and \$19,740,267.89, respectively, for general improvements (Schedule C-13).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF CHANGE IN FUND BALANCE

REGULATORY BASIS

Balance December 31, 2012	<u>Ref.</u> C		\$ 982,321.30
Increased by:			
Receipts:			
Premiums on Sale of Bonds and Notes	C-2	\$ 174,490.06	
Accounts Receivable with Reserve Realized	C-2	17,000.00	
Improvement Authorizations Cancelled	C-9	<u>168,103.13</u>	
			<u>359,593.19</u>
Balance December 31, 2013	C		\$ <u>1,341,914.49</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-6	\$ 7,893,231.16	\$ 6,094,087.16
Cash - Change Fund		100.00	100.00
		<u>7,893,331.16</u>	<u>6,094,187.16</u>
Receivables with Full Reserves:			
Water Charges Receivable	D-9	171,523.86	198,005.51
Sewer Charges Receivable	D-10	309,597.38	291,039.12
Bankruptcy Utility Charges		132.68	
		<u>481,253.92</u>	<u>489,044.63</u>
Interfunds:			
Current Fund	D-6		13,102.83
Grant Fund	D-6		35,000.00
Water-Sewer Utility Assessment Fund	D-6		80,054.91
		<u>481,253.92</u>	<u>617,202.37</u>
Total Operating Fund		<u>8,374,585.08</u>	<u>6,711,389.53</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	D-6	365,778.61	519,080.21
Assessments Receivable	D-11	132,860.36	209,613.67
Total Assessment Trust Fund		<u>498,638.97</u>	<u>728,693.88</u>
Capital Fund:			
Cash and Cash Equivalents	D-6	2,461,405.83	2,074,032.58
Interfunds:			
Current Fund	D-6		31,100.00
Water-Sewer Utility Operating Fund	D-6		80,054.91
Accounts Receivable	D-12	34,172.00	49,768.00
Fixed Capital	D-13	49,566,455.87	43,523,954.06
Fixed Capital Authorized and Uncompleted	D-14	11,500,000.00	18,075,000.00
Total Capital Fund		<u>63,562,033.70</u>	<u>63,833,909.55</u>
		<u>\$ 72,435,257.75</u>	<u>\$ 71,273,992.96</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Operating Fund:			
Appropriation Reserves	D-5,15	\$ 1,275,992.11	\$ 1,216,749.81
Reserve for Encumbrances	D-5,15	141,591.44	98,673.56
Interfund - Water-Sewer Utility Capital Fund	D-6		80,054.91
Prepaid Water-Sewer Rents	D-6,9,10	17,894.89	12,985.63
Accounts Payable	D-15	1,005.07	
Accrued Interest on Bonds and Notes	D-16	64,302.50	71,405.58
		<u>1,500,786.01</u>	<u>1,479,869.49</u>
Reserve for Receivables		481,253.92	489,044.63
Operating Fund Balance	D-3	6,392,545.15	4,742,475.41
Total Operating Fund		<u>8,374,585.08</u>	<u>6,711,389.53</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	D-17	132,860.36	195,728.92
Serial Bonds	D-22	115,000.00	265,000.00
Interfund - Water-Sewer Utility Operating Fund			80,054.91
Fund Balance	D-2	250,778.61	187,910.05
Total Assessment Trust Fund		<u>498,638.97</u>	<u>728,693.88</u>
Capital Fund:			
Improvement Authorizations:			
Funded	D-18	50,091.59	101,766.08
Unfunded	D-18	4,013,129.83	5,110,763.56
Capital Improvement Fund	D-19	287,195.00	287,195.00
Reserve for Amortization	D-20	45,656,373.39	42,383,674.74
Deferred Reserve for Amortization	D-21	674,000.00	2,862,698.65
Serial Bonds	D-23	8,030,000.00	9,040,000.00
Bond Anticipation Notes	D-24	3,575,000.00	2,899,000.00
M.C.I.A. Lease Payable	D-25	73,800.00	
Reserve for Infrastructure Contribution		71,435.80	64,810.80
Reserve for Accounts Receivable		34,172.00	49,768.00
Fund Balance	D-1	1,096,836.09	1,034,232.72
Total Capital Fund		<u>63,562,033.70</u>	<u>63,833,909.55</u>
		<u>\$ 72,435,257.75</u>	<u>\$ 71,273,992.96</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$3,133,147.31 and \$4,413,580.67 respectively (Exhibit D-26).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 1,034,232.72
Increased by:		
Reserve for Receivable Realized		\$ 15,596.00
Premium on Sale of Notes	D-6	<u>47,007.37</u>
		<u>62,603.37</u>
Balance December 31, 2013	D	\$ <u>1,096,836.09</u>

WATER-SEWER UTILITY ASSESSMENT FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 187,910.05
Increased by:		
Collection of Unpledged Assessments	D-17	<u>62,868.56</u>
Balance December 31, 2013	D	\$ <u>250,778.61</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-4	\$ 2,174,938.00	\$ 2,185,512.00
Rents:			
Water Charges	D-4	3,800,524.29	3,929,907.33
Sewer Charges	D-4	7,190,780.94	7,109,326.56
Miscellaneous:			
Fire Hydrant Service	D-4	196,841.06	186,977.64
Water Connection Fees	D-4	252,067.49	245,858.34
Sewer Connection Fees	D-4	114,927.99	166,158.02
Interest on Deposits	D-4	72,060.26	143,808.66
Miscellaneous Revenue Anticipated	D-4	68,920.69	128,025.43
Utility Capital Fund - Fund Balance			145,232.81
Other Credits to Income:			
Prior Year Sewer Charge Reimbursement	D-6	891,155.53	
Unexpended Balance of Appropriation Reserves	D-15	1,004,603.77	1,138,552.46
Accounts Payable Cancelled			52,981.59
Total Income		<u>15,766,820.02</u>	<u>15,432,340.84</u>
<u>Budget and Other Expenditures</u>			
Budget:			
Operating		10,246,604.00	10,231,974.00
Debt Service		1,483,140.59	1,496,823.76
Deferred Charges			145,232.81
Statutory Expenditures		212,000.00	214,000.00
	D-5	<u>11,941,744.59</u>	<u>12,088,030.57</u>
Refund of Prior Year Revenue	D-6	67.69	
		<u>11,941,812.28</u>	<u>12,088,030.57</u>
Excess in Revenues		3,825,007.74	3,344,310.27
Fund Balance January 1	D	4,742,475.41	3,583,677.14
		<u>8,567,483.15</u>	<u>6,927,987.41</u>
Decreased by:			
Utilization by:			
Water-Sewer Operating Budget	D-3	<u>2,174,938.00</u>	<u>2,185,512.00</u>
Fund Balance December 31	D	<u>\$ 6,392,545.15</u>	<u>\$ 4,742,475.41</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-3	\$ 2,174,938.00	\$ 2,174,938.00	\$
Water Rents	D-3,9	3,250,000.00	3,800,524.29	550,524.29
Sewer Rents	D-3,10	6,300,000.00	7,190,780.94	890,780.94
Miscellaneous:				
Water Connection Fees	D-3,6	25,000.00	252,067.49	227,067.49
Sewer Connection Fees	D-3,6	25,000.00	114,927.99	89,927.99
Interest on Investments	D-3,6	25,000.00	72,060.26	47,060.26
Fire Hydrant Service	D-3,9	120,000.00	196,841.06	76,841.06
Miscellaneous Other	D-3,4	30,000.00	68,920.69	38,920.69
		<u>\$ 11,949,938.00</u>	<u>\$ 13,871,060.72</u>	<u>\$ 1,921,122.72</u>
	Ref.	D-5		

Analysis of Miscellaneous Other

Interest on Delinquent Accounts		\$ 34,606.54
Meter Installation		6,972.34
Disconnect Fees		5,535.08
NSF Check Fees		1,786.00
Miscellaneous Other		<u>20,020.73</u>
	D-4,6	<u>\$ 68,920.69</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-5

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 1,350,000.00	\$ 1,350,000.00	\$ 1,334,793.18	\$ 15,206.82	\$
Other Expenses	8,896,604.00	8,896,604.00	7,636,874.21	1,259,729.79	
Licensed Operator Internship Grant					
Debt Service					
Payment of Bond Principal	1,010,000.00	1,010,000.00	1,010,000.00		
Payment of Bond Anticipation Notes	74,000.00	74,000.00	74,000.00		
Interest on Bonds	377,334.00	377,334.00	369,869.90		7,464.10
Interest on Notes	30,000.00	30,000.00	29,270.69		729.31
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	108,000.00	108,000.00	108,000.00		
Social Security System (O.A.S.I.)	104,000.00	104,000.00	102,944.50	1,055.50	
	<u>\$ 11,949,938.00</u>	<u>\$ 11,949,938.00</u>	<u>\$ 10,665,752.48</u>	<u>\$ 1,275,992.11</u>	<u>\$ 8,193.41</u>
Ref.	D-4	D-3		D	D-3
Reserve for Encumbrances			\$ 141,591.44		
Disbursements			10,125,020.45		
Accrued Interest on Bonds and Notes			399,140.59		
			<u>\$ 10,665,752.48</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 109,753,200.00	\$ 109,444,000.00
Buildings and Improvements	12,123,800.00	12,122,300.00
Equipment	3,701,239.45	3,522,772.04
Motor Vehicles and Equipment	<u>8,304,045.79</u>	<u>8,083,192.46</u>
	<u>\$ 133,882,285.24</u>	<u>\$ 133,172,264.50</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 133,882,285.24</u>	<u>\$ 133,172,264.50</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash	\$ <u>146,156.98</u>	\$ <u>141,969.88</u>
<u>Liabilities</u>		
Due to Various Agencies	\$ <u>146,156.98</u>	\$ <u>141,969.88</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Freehold, 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 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 2013.

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 - animal license revenues and expenditures.

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Assessment Trust Fund - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating 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.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2013 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2013 is set forth in Note 4.

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.

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 based on an inspection and historic cost analysis.

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.

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2013 and 2012 the following changes occurred in the fixed assets of the Township:

	Balance Jan. 1, 2013	Expended from		Less: Disposals	Transfers/ Cancelled	Balance Dec. 31, 2013
		Current/ Capital Funds	Utility Fund			
General Fixed Assets Account Group:						
Land	\$ 109,444,000	\$ 292,300	\$	\$ 9,600	\$ 26,500	\$ 109,753,200
Buildings and Improvements	12,122,300				1,500	12,123,800
Equipment	3,522,772	237,591		59,124		3,701,239
Motor Vehicles and Equipment	8,083,193	317,284		96,431		8,304,046
	<u>133,172,265</u>	<u>847,175</u>		<u>165,155</u>	<u>28,000</u>	<u>133,882,285</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	43,523,954		73,800		5,968,702	49,566,456
Fixed Capital Authorized and Uncompleted	18,075,000				(6,575,000)	11,500,000
	<u>61,598,954</u>		<u>73,800</u>		<u>(606,298)</u>	<u>61,066,456</u>
	<u>\$ 194,771,219</u>	<u>\$ 847,175</u>	<u>\$ 73,800</u>	<u>\$ 165,155</u>	<u>\$ (578,298)</u>	<u>\$ 194,948,741</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	Balance Jan. 1, 2012	Expended from		Less: Disposals	Transfers/ Cancelled	Balance Dec. 31, 2012
		Current/ Capital Funds	Utility Fund			
General Fixed Assets Account Group:						
Land	\$ 109,444,000	\$	\$	\$	\$	\$ 109,444,000
Buildings and Improvements	12,122,300					12,122,300
Equipment	3,575,878	323,951		363,258	(13,799)	3,522,772
Motor Vehicles and Equipment	8,825,673	619,944		1,354,525	(7,899)	8,083,193
	<u>133,967,851</u>	<u>943,895</u>		<u>1,717,783</u>	<u>(21,698)</u>	<u>133,172,265</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	43,478,954		45,000			43,523,954
Fixed Capital Authorized and Uncompleted	<u>17,375,000</u>		<u>700,000</u>			<u>18,075,000</u>
	<u>60,853,954</u>		<u>745,000</u>			<u>61,598,954</u>
	<u>\$ 194,821,805</u>	<u>\$ 943,895</u>	<u>\$ 745,000</u>	<u>\$ 1,717,783</u>	<u>\$ (21,698)</u>	<u>\$ 194,771,219</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.

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.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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 \$37,605,762 and the bank balance amount was \$37,714,022. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$35,712,190. An amount of \$1,501,832 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

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

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

a. (8) (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.

At year-end, the carrying value of the Township's investments and the investment balance was \$20,808,026.

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 tenth 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.

U.S. Government Bonds

The Township has unrealized losses on investments in U.S. Government Bonds, \$269,549 and \$83,801 for the Current Fund and Water-Sewer Utility Fund, respectively, which have been caused by interest rate fluctuations. Because the Township does not intend to sell the investments before the majority date, the Township does not consider those investments to be other-than-temporarily impaired at December 31, 2013.

<u>Description of Securities</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
Government Bonds:			
Current Fund	\$ 15,025,934	\$ 14,756,385	\$ 269,549
Water-Sewer Utility Fund	5,273,346	5,189,545	83,801

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.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan (Continued)

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>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 500,000	\$ 500,000
GUDPA	35,712,190	30,848,904
Uninsured	20,808,026	17,521,417
Escrow Deposits	<u>1,501,832</u>	<u>1,414,081</u>
	\$ <u>58,522,048</u>	\$ <u>50,284,402</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.

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt

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

General Capital Fund

3.00% to 4.00% General Improvement Bonds Issued October 14, 2004, installment maturities to October 1, 2018	\$ 850,000
3.00% to 4.50% Open Space Bonds Issued October 14, 2004, installment maturities to October 1, 2024	60,000
4.125% to 4.25% General Improvement Bonds Issued July 26, 2007, installment maturities to July 1, 2021	4,190,000
4.125% to 4.25% Open Space Bonds Issued July 26, 2007, installment maturities to July 1, 2022	2,600,000
3.00% to 5.25% General Improvement Bonds Issued June 1, 2008, installment maturities to December 1, 2023	4,391,000
3.00% to 4.00% General Obligation Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2016	2,015,000
3.00% to 5.00% Open Space Refunding Bonds Issued December 16, 2009, installment maturities to September 16, 2021	335,000
1.50% to 3.00% General Obligation Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2018	3,740,000
1.50% to 3.50% Open Space Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2014	620,000
2.00% to 3.25% General Obligation Bonds Issued December 1, 2013, installment maturities to December 1, 2026	<u>5,640,000</u>
	\$ <u>24,441,000</u>

Water-Sewer Utility Assessment Fund

3.00% to 4.00% Utility Assessment Bonds Issued October 14, 2004, installment maturities to October 1, 2014	\$ <u>115,000</u>
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NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

3.00% to 4.50% Utility Bonds Issued October 14, 2004, installment maturities to October 1, 2024	\$ 150,000
4.125% to 4.25% Utility Bonds Issued July 26, 2007, Installment maturities to July 15, 2022	2,000,000
3.00% to 5.00% Utility Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2021	4,225,000
1.50% to 3.50% Utility Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2024	<u>1,655,000</u>
	<u>\$ 8,030,000</u>

The General Capital Fund Bonds and Water-Sewer Utility Capital Fund mature serially in installments to the year 2026. Aggregate debt service requirements are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,125,000	\$ 910,007
2015	3,162,000	795,265
2016	3,216,000	681,153
2017	2,747,000	568,650
2018	2,763,000	470,870
2019	1,805,000	367,162
2020	1,835,000	295,038
2021	1,866,000	222,512
2022	1,300,000	145,613
2023	1,067,000	91,337
2024	545,000	48,263
2025	495,000	31,587
2026	<u>515,000</u>	<u>16,737</u>
Total	<u>\$ 24,441,000</u>	<u>\$ 4,644,194</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Fund

<u>Year</u>	<u>Utility Capital</u>		<u>Utility Assessment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,005,000	\$ 325,150	\$ 115,000	\$ 4,600
2015	1,005,000	284,800		
2016	1,000,000	245,950		
2017	995,000	207,250		
2018	1,000,000	162,100		
2019	745,000	116,700		
2020	760,000	84,525		
2021	755,000	58,600		
2022	425,000	28,650		
2023	170,000	11,900		
2024	<u>170,000</u>	<u>5,950</u>		
Total	\$ <u>8,030,000</u>	\$ <u>1,531,575</u>	\$ <u>115,000</u>	\$ <u>4,600</u>

Green Trust Loan Program

The Township has seven low interest loans (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$2,000,000 loan for open space acquisition was finalized on November 20, 1996 and an additional \$965,000 in November 1997. A \$500,000 loan for park development was finalized in October 1998. A \$2,250,000 loan for open space acquisition was finalized in November 2000. Additional loans of \$400,000, \$600,000 and \$300,000 for Opatut Park were finalized in October 2005, September 2007, and February 2008, respectively. The Township must repay each loan in semi-annual installments over twenty years. The balance December 31, 2013 was \$2,352,451. Loan payments are due through 2027.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 403,045	\$ 45,044
2015	411,146	36,943
2016	357,227	28,679
2017	271,896	21,823
2018	261,183	16,655
2019	145,358	11,864
2020	72,800	9,690
2021	74,263	8,226
2022	75,757	6,734
2023	77,279	5,211
2024	78,832	3,657
2025	67,980	2,073
2026	37,305	831
2027	<u>18,380</u>	<u>276</u>
Total	\$ <u>2,352,451</u>	\$ <u>197,706</u>

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt

On December 31, 2013, the Township's outstanding Bond Anticipation Notes were as follows:

<u>Ordinance Number</u>		<u>Amount</u>	<u>Interest Rate</u>
<u>General Capital Fund</u>			
02-13	Various Improvements	\$ 450,000	1.00%
03-09	Various Improvements	132,200	1.00%
03-09	Various Improvements	31,800	1.00%
03-09	Various Improvements	70,000	1.00%
04-11	Various Improvements	28,000	1.00%
04-11	Various Improvements	160,000	1.00%
06-21	Various Improvements	287,000	1.00%
07-14, 08-29	Various Improvements	723,000	1.00%
09-16	Various Improvements	187,000	1.00%
09-16	Various Improvements	159,000	1.00%
09-16	Various Improvements	227,000	1.00%
10-21	Various Improvements	85,000	1.00%
10-21	Various Improvements	150,000	1.00%
11-20	Various Improvements	395,000	1.00%
12-12	Various Improvements	1,015,000	1.00%
12-12	Various Improvements	2,500,000	1.00%
12-19	Various Improvements	50,000	1.00%
12-19	Various Improvements	<u>1,350,000</u>	1.00%
		<u>\$ 8,000,000</u>	

<u>Ordinance Number</u>		<u>Amount</u>	<u>Interest Rate</u>
<u>Water-Sewer Utility Capital Fund</u>			
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System	\$ 123,400	1.00%
00-11	Various Improvements to the Water-Sewer System	15,000	1.00%
00-11	Various Improvements to the Water-Sewer System	100,000	1.00%
02-14, 04-31	Improvements to the Water System	96,500	1.00%
02-14, 04-31	Improvements to the Water System	50,000	1.00%
02-14, 04-31	Improvements to the Water System	450,000	1.00%
03-10	Improvements to the Water System	14,400	1.00%
07-15	Various Improvements to the Water-Sewer System	43,200	1.00%
07-15	Various Improvements to the Water-Sewer System	230,000	1.00%
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System	296,200	1.00%
09-17	Various Improvements to the Water-Sewer System	762,000	1.00%
09-17	Various Improvements to the Water-Sewer System	175,000	1.00%
09-17	Various Improvements to the Water-Sewer System	4,500	1.00%
09-17	Various Improvements to the Water-Sewer System	300,000	1.00%

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

<u>Ordinance Number</u>		<u>Amount</u>	<u>Interest Rate</u>
	<u>Water-Sewer Utility Capital Fund (Continued)</u>		
10-22	Various Improvements to the Water-Sewer System	\$ 439,200	1.00%
11-21	Various Improvements to the Water-Sewer System	200,000	1.00%
12-13	Various Improvements to the Water-Sewer System	<u>275,600</u>	1.00%
		<u>\$ 3,575,000</u>	

C. Bonds and Notes Authorized but not Issued

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

	<u>2013</u>	<u>2012</u>
General Capital Fund	\$ 13,975,524	\$ 19,740,268
Water-Sewer Utility Capital Fund	3,133,147	4,413,581

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, 2013 and 2012 was .695% and .76%, respectively. The Township's remaining borrowing power at December 31, 2013 and 2012 was 2.805% and 2.74%, respectively.

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

E. Debt Guarantee

The Township, by ordinance, has guaranteed payment of principal and interest on 2009, 2011 and 2013 capital equipment leases by the Freehold Township School District. The outstanding balance of the lease at December 31, 2013 and 2012 was \$859,000 and \$776,000, respectively.

F. Summary of Debt Activity

During 2013 and 2012 the following changes occurred in the issued and outstanding debt of the Township:

NOTE 3. DEBT (CONTINUED)

F. Summary of Debt Activity (Continued)

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Capital Fund:				
Serial Bonds	\$ 21,834,000	\$ 5,640,000	\$ 3,033,000	\$ 24,441,000
Bond Anticipation Notes	10,229,000	4,627,000	6,856,000	8,000,000
Green Trust Loans	2,747,554		395,103	2,352,451
Water-Sewer Utility Assessment Fund:				
Serial Bonds	265,000		150,000	115,000
Water-Sewer Utility Capital Fund:				
Serial Bonds	9,040,000		1,010,000	8,030,000
Bond Anticipation Notes	2,899,000	750,000	74,000	3,575,000
	<u>\$ 47,014,554</u>	<u>\$ 11,017,000</u>	<u>\$ 11,518,103</u>	<u>\$ 46,513,451</u>

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Capital Fund:				
Serial Bonds	\$ 24,726,000	\$ 4,430,000	\$ 7,322,000	\$ 21,834,000
Bond Anticipation Notes	8,000,000	2,309,000	80,000	10,229,000
Green Trust Loans	3,134,873		387,319	2,747,554
Water-Sewer Utility Assessment Fund:				
Serial Bonds	415,000		150,000	265,000
Water-Sewer Utility Capital Fund:				
Serial Bonds	10,030,000	1,680,000	2,670,000	9,040,000
Bond Anticipation Notes	2,600,000	330,000	31,100	2,898,900
	<u>\$ 48,905,873</u>	<u>\$ 8,749,000</u>	<u>\$ 10,640,419</u>	<u>\$ 47,014,454</u>

NOTE 4. ACCRUED SICK PAY 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 sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$982,653 and \$991,307 at December 31, 2013 and 2012. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31 of the succeeding years are as follows:

	<u>2013</u>	<u>2012</u>
Current Fund	\$ 5,335,407	\$ 4,431,915
Water-Sewer Utility Fund	3,445,476	2,174,938

NOTE 6. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2013</u>	<u>2012</u>
Prepaid Taxes	\$ 542,952	\$ 615,197
Prepaid Water-Sewer Utility Charges	17,895	12,986

NOTE 7. 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 and Regional School Districts 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 8. 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 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013 the following deferred charge is reflected on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>2014 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Special Emergency Authorizations: N.J.S. 40A:4-55	\$ 280,000	\$ 70,000	\$ 210,000

NOTE 10. PENSION PLANS

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

Public Employees' Retirement System (PERS)

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

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

NOTE 10. PENSION PLANS (CONTINUED)

Police and Firemen’s Retirement System (PFRS) (Continued)

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

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by State statute. Plan members are required to contribute 5.5% of their annual covered salary and the Township is required to contribute 3% of the annual salary. The employee contributions along with the Township’s contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Other Information

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

	2013			2012			2011		
	PERS	PFRS	DCRP	PERS	PFRS	DCRP	PERS	PFRS	DCRP
Normal Contribution	\$ 214,079	\$ 708,194	\$ 2,021	\$ 272,568	\$ 780,031	\$ 943	\$ 342,139	\$ 998,424	\$ 468
Accrued Liability	511,868	937,198		545,135	877,864		545,177	800,575	
Total Regular Pension Contribution	725,947	1,645,392	2,021	817,703	1,657,895	943	887,316	1,798,999	468
Non-Contributory Group Life Insurance	43,206	67,953		52,098	60,726		67,391	78,251	
Total Due	\$ 769,153	\$ 1,713,345	\$ 2,021	\$ 869,801	\$ 1,718,621	\$ 943	\$ 954,707	\$ 1,877,250	\$ 468

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

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Township provides postretirement health care benefits to full-time employees who retire from the Township with twenty years of service or police who retire on disability. Currently, seventy retirees meet those requirements. Expenditures for postretirement health care benefits are recognized when the insurance premiums are charged to the budget. During 2013 and 2012, expenditures, net of contributions, of \$1,835,411 and \$1,694,916, respectively, were recognized for postretirement health care.

NOTE 12. SCHOOL TAXES

Local and Regional 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.

	Balance December 31			
	Local District School Taxes		Regional District School Taxes	
	2013	2012	2013	2012
Balance of Tax	\$ 29,294,871	\$ 28,723,408	\$ 12,551,115	\$ 12,187,155
Deferred	25,566,589	25,566,589		
Tax Payable	\$ 3,728,282	\$ 3,156,819	\$ 12,551,115	\$ 12,187,155

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government 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, 2013, the Township estimates that no material liabilities will result from such audits.

NOTE 13. CONTINGENT LIABILITIES (CONTINUED)

Major Tax Assessments

Taxpayers in 2013 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Assessed Value</u>
Freemall Associates	\$ 300,654,600	5.48%

Tax Appeals

The Township has reserved \$350,794 in anticipation of successful tax appeals currently pending before the State courts.

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 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 8,577	\$ 240,816
Grant Fund	232,950	
Animal Control Trust Fund		6,739
Other Trust Fund	7,866	
General Capital Fund	<u> </u>	<u>1,838</u>
	<u>\$ 249,393</u>	<u>\$ 249,393</u>

NOTE 15. CAPITAL LEASE

The Township in 2005, 2007 and 2013 authorized capital leases with the Monmouth County Improvement Authority. The amounts authorized for the equipment acquisition were \$769,900, \$866,200 and \$844,200 in the General Capital Fund. The Water-Sewer Utility Capital authorized \$73,800 in the 1013 lease. As described in Note 1, the obligations under the capital lease based upon the regulatory basis of accounting is as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 315,210	\$ 62,272	\$ 7,290	\$ 2,914
2015	229,740	52,820	7,560	2,900
2016	239,470	42,825	7,830	2,600
2017	193,310	31,690	8,190	2,210
2018	111,270	22,245	8,730	1,800
2019	86,700	17,260	6,300	1,360
2020	90,430	13,790	6,570	1,110
2021	95,160	9,930	6,840	850
2022	71,890	5,870	7,110	570
2023	<u>74,620</u>	<u>2,990</u>	<u>7,380</u>	<u>290</u>
Total	\$ <u>1,507,800</u>	\$ <u>261,692</u>	\$ <u>73,800</u>	\$ <u>16,604</u>

NOTE 16. GROUND LEASE

The Township authorized a ground lease for a parcel of land utilized for the construction of affordable senior housing. The loan amount is \$299,000 bearing an interest rate of one percent (1%) per annum. There are stipulations in the lease agreements for the repayment of the ground lease to the Township. The balance receivable at December 31, 2013 and 2012 is \$311,890.

NOTE 17. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.) The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2013 and 2012 is \$154,424 and \$173,505, respectively.

NOTE 18. SALE OF MUNICIPAL ASSETS

As noted in Note 1, the Township has reserved proceeds of municipal assets for use as an anticipated revenue in future budgets. The balance at December 31, 2013 and 2012 is \$1,011,111 and \$1,511,111, respectively.

NOTE 19. OTHER POST-RETIREMENT BENEFITS - GASB 45

The Township provides post-employment medical, prescription drug, dental and vision benefits to eligible retired employees and their spouses. The Township pays 100% of the insurance cost for the retiree.

The Township’s annual Other Post-Employment Benefit (“OPEB”) cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan’s funding requirements is the “Unit Credit” method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in the Township’s annual OPEB cost for the year, the amount actually contributed to the Plan and changes in their net OPEB obligation to the plan:

Annual Required Contribution (“ARC”)	\$ 11,005,971
Interest on the net OPEB Obligation	837,411
Adjustments to ARC	<u>(1,142,444)</u>
Annual OPEB Cost	10,700,938
Payments Made	<u>(1,814,658)</u>
	8,886,280
Increase in Net OPEB Obligation	
Net OPEB Obligation - Beginning of Year	<u>18,609,143</u>
Net OPEB Obligation - End of Year	<u>\$ 27,495,423</u>

The Township’s annual OPEB cost, the percentage of annual OPEB contributed to the Plan, and the net OPEB for the year ending December 31, 2013 is as follows (in thousands):

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$ 10,701	16.96%	\$ 27,495

<u>Year Ended</u>	<u>Valuation Date</u>	<u>Actuarial Value of Assets {a}</u>	<u>Actuarial Accrued Liability (AAL) {b}</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) {c}={b}-{a}</u>	<u>Funded Ratio {a}/{c}</u>	<u>Covered Payroll {d}</u>	<u>Ratio of UAAL to Covered Payroll {c}/{d}</u>
12/31/2013	12/31/2013	\$ -0-	\$ 127,637	\$ 127,637	0%	\$ 13,479	946.9%

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumptions, and the combined impact of all assumptions.

NOTE 19. OTHER POST-RETIREMENT BENEFITS - GASB 45 (CONTINUED)

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. A discount rate of 4.5% was assumed for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded; annual claims were assumed to increase starting at 8% and grading down to 5%, with different starting points and different periods over which 5% is reached for different benefits.

The unfunded Actuarial Accrued Liability (AAL) is amortized at a level dollar amount using an open period of 30 years.

NOTE 20. SUBSEQUENT EVENT - DEBT AUTHORIZED

The Township adopted the following ordinances in 2014 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
14-05	Various Improvements	\$ 7,896,000
14-06	Improvements to the Water System	4,900,000

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TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2013

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ <u>2.293</u>	\$ <u>2.010</u>	\$ <u>1.960</u>
Apportionment of Tax Rate			
Net County Levy	.292	.262	.260
County Library Tax	.019	.015	.015
County Open Space Tax	.016	.015	.016
Municipal Open Space Tax	.030	.030	.030
District School Tax	1.117	.983	.966
Regional School District	.471	.411	.399
Local Municipal Purpose Tax	.348	.294	.274
Fire Districts			
Number 1	.031	.028	.028
Number 2	.043	.038	.037
Assessed Valuation			
2013	\$ 5,486,811,000		
2012		\$ 6,114,837,200	
2011			\$ 6,159,186,703

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>
2013	\$ 128,004,464	\$ 126,792,531	99.05%
2012	125,806,478	123,852,099	98.44%
2011	123,120,773	121,633,337	98.79%

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>
2013	\$ 293,358	\$ 1,171,135	\$ 1,464,493	1.14%
2012	285,847	1,533,457	1,819,304	1.45%
2011	279,238	1,334,493	1,613,731	1.31%

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>
2013	\$ 584,150
2012	584,150
2011	584,150

COMPARISON OF WATER-SEWER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2013	\$ 11,180,223	\$ 489,045	\$ 11,188,146
2012	11,263,531	451,725	11,226,212
2011	10,476,820	417,504	10,442,598

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>		
2013	\$ 6,773,072	\$ 5,335,407
2012	5,698,135	4,431,915
2011	6,122,134	4,955,554
2010	7,573,431	6,481,576
2009	8,622,593	7,982,922
<u>Water Utility Operating Fund</u>		
2013	\$ 6,392,545	\$ 3,445,476
2012	4,752,475	2,174,938
2011	3,583,677	2,185,512
2010	3,347,792	2,460,798
2009	3,350,753	2,787,942

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued</u>			
General:			
Bonds, Notes, and Loans	\$ 34,793,451	\$ 34,810,554	\$ 35,860,873
Township Lease Guarantee		293,000	247,000
Board of Education Lease Guarantee	859,000	776,000	1,031,000
Water-Sewer Utility:			
Bonds and Notes	11,605,000	11,939,000	12,630,000
Assessment Bonds	<u>115,000</u>	<u>265,000</u>	<u>415,000</u>
	47,372,451	48,083,554	50,183,873
Less:			
Funds Temporarily Held to Pay Bonds:			
Water-Utility Assessment Fund	<u>115,000</u>	<u>251,115</u>	<u>386,597</u>
Net Debt Issued	<u>47,257,451</u>	<u>47,832,439</u>	<u>49,797,276</u>
 <u>Authorized but not Issued</u>			
General:			
Bonds and Notes	13,975,524	19,740,268	15,222,713
Water-Sewer Utility:			
Bonds and Notes	<u>3,133,147</u>	<u>4,413,581</u>	<u>4,222,313</u>
Total Authorized but not Issued	<u>17,108,671</u>	<u>24,153,849</u>	<u>19,445,026</u>
 Net Bonds and Notes Issued and			
Authorized but not Issued	\$ <u>64,366,122</u>	\$ <u>71,986,288</u>	\$ <u>69,242,302</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 .695%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 48,735,000	\$ 48,735,000	\$ -0-
Regional School District Debt	6,249,667	6,249,667	-0-
Water-Sewer Utility Debt	14,853,147	14,853,147	-0-
General Debt	<u>49,627,975</u>	<u>8,255,111</u>	<u>41,372,864</u>
	\$ <u>119,465,789</u>	\$ <u>78,092,925</u>	\$ <u>41,372,864</u>

Net Debt \$41,372,864 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$5,955,743,105 = .695%

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 208,451,009
Net Debt	<u>41,372,864</u>
Remaining Borrowing Power	\$ <u>167,078,145</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other		
Charges for Year		\$ 13,871,061
Deductions:		
Operating and Maintenance Cost	\$ 10,458,604	
Debt Service per Water Account	<u>1,483,141</u>	
Total Deductions		<u>11,941,745</u>
Excess in Revenue		\$ <u>1,929,316</u>

The foregoing debt information is in agreement with a revised Annual Debt Statement as filed by the Chief Financial Officer.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Barbara McMorrow	Mayor	
Anthony J. Ammiano	Deputy Mayor	
Thomas Cook	Committeeman	
Eugene B. Golub	Committeeman	
David M. Salkin	Committeeman	
Teresa Warner	Clerk	
Theresa Patino	Deputy Clerk	
Peter Valesi	Administrator	
Duane O. Davison, Esq.	Attorney	
Catherine M. Campbell	Chief Financial Officer, Treasurer	\$ (1)
Elizabeth Kiernan	Tax and Utility Collector	(1)
Thomas Foley	Magistrate	(1)
Denise Yuhas	Court Administrator	(1)

- (1) There was a "Public Employees' Blanket Bond" in the amount of \$1,000,000 carried by the Garden State Municipal Joint Insurance Fund as well as individual bonds of varying amounts carried by the Travelers Casualty and Surety Company.

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH

Balance December 31, 2012		\$ 28,392,872.41
Increased by Receipts:		
Taxes Receivable	\$ 127,410,580.21	
Revenue Accounts Receivable	13,988,513.58	
State of New Jersey (Ch. 20, P.L. 1971)	254,949.31	
Prepaid Taxes	540,503.04	
Tax Overpayments	69,067.82	
Interest and Costs on Taxes	342,266.79	
Prepaid Fees and Permits	680.00	
Cancelled Old Outstanding Checks	630.00	
Interfunds:		
Other Funds	2,667.05	
Grant Fund	678,921.25	
Due to State for Fees Collected	103,413.00	
Reserve for Prepaid Health Benefits	6,574.77	
Due to Freehold Shopping Center	3,472.00	
Due to Freehold Borough	44,978.00	
Police Special Duty Service	424,012.92	
Miscellaneous Revenue not Anticipated	880,391.77	
Petty Cash	1,050.00	
	<hr/>	144,752,671.51
		<hr/>
		173,145,543.92
Decreased by Disbursements:		
Budget Appropriations	33,391,163.30	
Appropriation Reserves	563,667.76	
Accounts Payable	3,528.14	
Tax Overpayments Refunded	51,438.89	
Due to State for Fees Collected	75,600.00	
Special District Tax	1,992,000.00	
Municipal Open Space Tax	1,646,040.00	
County Taxes	18,064,577.05	
Local School District Taxes	60,715,779.02	
Regional School District Taxes	25,504,934.09	
Interfunds:		
Other Funds	640,458.77	
Grant Fund	669,482.12	
Refund of Prior Year Revenue	67.00	
Police Special Duty Service	412,187.40	
Due to Freehold Shopping Center	2,968.00	
Reserve for Tax Appeals	69,599.30	
Reserve for Reassessment	225,000.00	
Reserve for Historical Preservation	2,125.00	
Special Emergency Note Payable	70,000.00	
Petty Cash	1,050.00	
	<hr/>	144,101,665.84
		<hr/>
Balance December 31, 2013		\$ 29,043,878.08

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2012	2013 Levy	2012	Collected	2013	Due From State of New Jersey	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2013
2008	\$ 5,260.95	\$	\$	\$	1,910.56	\$	\$	\$	3,350.39
2009	7,134.78				5,661.86				1,472.92
2011	2,508.23				1,465.80				1,042.43
2012	1,518,553.13		15,599.25		1,480,987.51	(7,250.00)		26,950.34	2,266.03
	1,533,457.09		15,599.25		1,490,025.73	(7,250.00)		26,950.34	8,131.77
2013		128,026,118.67	615,197.45		125,920,554.48	256,778.77	7,456.65	63,127.91	1,163,003.41
		128,026,118.67	630,796.70		127,410,580.21	249,528.77	7,456.65	90,078.25	1,171,135.18

Levy	\$ 128,004,463.51
Delinquent Penalty	21,655.16
	<u>\$ 128,026,118.67</u>

Overpayments Applied	\$ 15,599.25
Prepaid Taxes	615,197.45
	<u>\$ 630,796.70</u>

Analysis of 2013 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 125,812,583.00
Special District Taxes	1,994,155.11
Added and Omitted Taxes	197,725.40
	<u>\$ 128,004,463.51</u>

Tax Levy:	
Regional School Tax (Abstract)	\$ 25,868,895.00
Local School District Tax (Abstract)	61,287,242.00
County Tax (Abstract)	\$ 16,019,767.19
County Library Tax (Abstract)	1,027,566.57
County Open Space Tax (Abstract)	889,274.34
Due County for Added and Omitted Taxes	27,742.19
Total County Taxes	17,964,350.29
Special District Taxes	1,992,000.00
Local Open Space Tax	1,646,040.00
Local Tax for Municipal Purposes	19,072,807.37
Add: Additional Tax Levied	173,128.85
	<u>19,245,936.22</u>
	<u>\$ 128,004,463.51</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2012		\$ 285,847.02
Increased by:		
Transfers from Taxes Receivable	\$ 7,456.65	
NSF Charges	<u>54.00</u>	
		<u>7,510.65</u>
Balance December 31, 2013		\$ <u><u>293,357.67</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued in</u> <u>2013</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Licenses	\$			\$
Alcoholic Beverages		45,688.00	45,688.00	
Other		71,180.27	71,180.27	
Fees and Permits		238,800.63	238,800.63	
Uniform Construction Code Fees		1,568,251.00	1,568,251.00	
Municipal Court				
Fines and Costs	79,517.84	1,303,864.11	1,291,910.31	91,471.64
State Aid				
Energy Receipts Tax		7,418,109.00	7,418,109.00	
Garden State Trust		18,206.00	18,206.00	
Other				
Cable Television Franchise Fees		337,024.00	337,024.00	
Hotel/Motel Tax		139,747.97	139,747.97	
Interest on Investments and Deposits		214,549.10	214,549.10	
Shared Services Agreements:				
Automotive Services		24,532.18	24,532.18	
Board of Health		148,142.35	148,142.35	
Board of Health - Lead Inspector		2,140.80	2,140.80	
Bureau of Fire Prevention		5,120.00	5,120.00	
Diesel Fuel		342,051.77	318,303.85	23,747.92
Information Technology - Freehold Borough		10,150.00	8,700.00	1,450.00
Information Technology - Manalapan		107,416.21	107,416.21	
Operational Services		21,338.00	21,338.00	
Police Services		10,000.46	9,270.06	730.40
Open Space - Debt Service		1,356,000.00	1,356,000.00	
Open Space - Park Maintenance		224,000.00	224,000.00	
Payments in Lieu of Taxes		103,709.52	103,709.52	
Reserve for Detention Basin		100,000.00	100,000.00	
Reserve for Municipal Alliance		10,252.00	10,252.00	
Uniform Fire Safety Act		95,566.22	95,566.22	
Verizon Franchise Fees		131,163.11	131,163.11	
	\$ 79,517.84	\$ 14,047,002.70	\$ 14,009,120.58	\$ 117,399.96
Receipts				
Reserve for State Aid			13,988,513.58	
Prepaid Applied			18,206.00	
			2,401.00	
			\$ 14,009,120.58	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

APPROPRIATIONS WITHIN CAPS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Administrative and Executive					
Salaries and Wages	\$ 9,355.76		\$ 9,355.76		\$ 9,355.76
Other Expenses	2,243.91		2,243.91	150.00	2,093.91
Public Information Office					
Salaries and Wages	689.03		689.03		689.03
Other Expenses	7,270.02		7,270.02	69.99	7,200.03
Purchasing Department					
Salaries and Wages	1.63		1.63		1.63
Other Expenses	4,735.57	2,107.32	6,842.89	2,054.29	4,788.60
Human Resources					
Salaries and Wages	12.93		12.93		12.93
Other Expenses	6,303.60	1,144.95	7,448.55	3,505.50	3,943.05
Mayor and Township Committee					
Salaries and Wages	600.16		600.16		600.16
Other Expenses	4.43	60.99	65.42	(200.00)	265.42
Municipal Clerk					
Salaries and Wages	5,956.55		5,956.55		5,956.55
Other Expenses	20,262.28	2,485.86	22,748.14	7,147.30	15,600.84
Elections					
Salaries and Wages	.70		.70		.70
Other Expenses	7,946.56		7,946.56	2,400.00	5,546.56
Financial Administration					
Salaries and Wages	4,931.34		4,431.34		4,431.34
Other Expenses	1,515.25	279.95	2,295.20	1,433.83	861.37
Audit	3,750.00		3,750.00		3,750.00
Information Technology					
Salaries and Wages	3.23		3.23		3.23
Other Expenses	22,724.22	40,154.44	62,878.66	40,762.19	22,116.47
Revenue Administration (Collection of Taxes)					
Salaries and Wages	539.69		539.69		539.69
Other Expenses	1,939.46	164.85	2,104.31	114.85	1,989.46

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Assessment of Taxes	\$ 7,051.21		\$ 7,051.21		\$ 7,051.21
Salaries and Wages					
Other Expenses	20,840.73	292.90	21,133.63	10,326.06	10,807.57
Legal Services and Costs					
Other Expenses	215,306.46	8,000.00	223,306.46	11,233.12	212,073.34
Affordable Housing Services and Costs					
Other Expenses	28,897.69		28,897.69	5,647.05	23,250.64
Engineering Services and Costs					
Salaries and Wages	16,655.98		16,655.98		16,655.98
Other Expenses	145.56	3,944.25	4,089.81	3,894.25	195.56
Historical Preservation					
Other Expenses	312.00	1,190.00	1,502.00		1,502.00
Municipal Land Use Law Planning Board					
Salaries and Wages	507.78		507.78		507.78
Other Expenses	4,224.65	674.25	4,898.90	2,181.50	2,717.40
Board of Adjustment					
Salaries and Wages	507.79		507.79		507.79
Other Expenses	8,214.50		8,214.50	601.00	7,613.50
Insurance					
Group Insurance	64,160.73		64,160.73	(1,649.24)	65,809.97
Other Insurance	842.64		842.64		842.64
Workmen's Compensation	18.20		18.20		18.20
Code Enforcement - Other					
Salaries and Wages	.73		.73		.73
Police					
Salaries and Wages	393,350.91		393,350.91		393,350.91
Other Expenses	49,392.57	21,306.32	70,698.89	30,204.71	40,494.18
Office of Emergency Management					
Salaries and Wages	506.21		506.21		506.21
Other Expenses	500.00		500.00		500.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Bureau of Fire Protection					
Salaries and Wages	2,064.72		2,064.72		2,064.72
Other Expenses	1,185.00		1,185.00	6.00	1,179.00
Uniform Fire Safety Act					
Salaries and Wages	6,212.26		6,212.26		6,212.26
Municipal Prosecutor					
Salaries and Wages	330.15		330.15		330.15
Road Repair and Maintenance					
Salaries and Wages	25,638.06		25,638.06		25,638.06
Other Expenses	93,034.49	28,202.84	121,237.33	8,646.04	112,591.29
Snow Removal					
Salaries and Wages	95,157.38		95,157.38	95,157.38	
Other Expenses	149,753.36	17,040.94	166,794.30	66,348.56	100,445.74
Shade Tree Commission					
Salaries and Wages	1.73		1.73		1.73
Other Expenses	18,412.30		18,412.30	100.00	18,312.30
Recycling					
Salaries and Wages	1,753.79		1,753.79		1,753.79
Other Expenses	110,178.48	3,600.00	113,778.48	12,231.00	101,547.48
Public Building and Grounds					
Salaries and Wages	2,834.94		2,834.94		2,834.94
Other Expenses	29,385.49	15,034.84	44,420.33	22,369.64	22,050.69
Equipment Maintenance and Repair					
Salaries and Wages	26,998.29		26,998.29		26,998.29
Other Expenses	67,544.83	80,417.02	147,961.85	48,922.59	99,039.26
Condominium Services Act					
Other Expenses	16,947.26		16,947.26		16,947.26
Board of Health					
Salaries and Wages	2,091.65		891.65		891.65
Other Expenses	4,508.72	7,646.31	13,355.03	12,884.81	470.22
Environmental Commission					
Other Expenses	60.00		60.00		60.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Board of Recreation Commissioners					
Salaries and Wages	\$ 19,640.04		\$ 19,640.04	\$ (3,333.33)	\$ 22,973.37
Other Expenses	7,679.37	24,203.36	31,882.73	26,377.22	5,505.51
Senior Center					
Salaries and Wages	2,516.59	4,806.74	2,516.59	4,341.29	2,516.59
Other Expenses	282.94		5,089.68		748.39
Municipal Court					
Salaries and Wages	6,811.01		6,811.01	572.00	6,239.01
Other Expenses	5,470.68	481.00	5,951.68	688.67	5,263.01
State Uniform Construction Code Official					
Salaries and Wages	570.26		570.26		570.26
Other Expenses	10,797.16	707.17	11,504.33	1,030.81	10,473.52
Utilities:					
Electricity	111,109.94	843.08	111,953.02	19,336.87	92,616.15
Street Lighting	153,812.57	82.22	153,894.79	26,894.11	127,000.68
Telephone	34,564.93	97.31	34,662.24	3,950.97	30,711.27
Natural Gas	44,901.53	2,681.78	47,583.31	10,520.59	37,062.72
Water and Sewer	39,967.32		39,967.32	262.42	39,704.90
Fuel Oil and Gasoline	93,753.87	80,150.00	173,903.87	69,684.97	104,218.90
Contingent	1.00		1.00		1.00
Contribution to:					
Public Employees Retirement System	1,402.44		1,402.44		1,402.44
Social Security System	75,202.10		75,202.10	(823.80)	76,025.90
Unemployment Compensation Insurance	50,000.00		50,000.00		50,000.00
Defined Contribution Retirement Program	156.87		156.87	156.55	.32
Sick Leave Trust Account	35,000.00		35,000.00	35,000.00	
Total Appropriations within Caps	<u>2,259,956.18</u>	<u>347,800.69</u>	<u>2,607,756.87</u>	<u>581,201.76</u>	<u>2,026,555.11</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

APPROPRIATIONS OUTSIDE CAPS

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Length of Service Awards Program (LOSAP)	\$ 25,000.00		\$ 25,000.00	\$ 14,950.00	\$ 10,050.00
Local Matching Fund for Grants	500.00		500.00		500.00
Shared Services Agreements					
Board of Health					
Salaries and Wages	907.61		907.61		907.61
Lead Inspector - Long Branch	3,500.00		3,500.00		3,500.00
Other Expenses	10,084.00		10,084.00	2,516.00	7,568.00
Road Repairs and Maintenance					
Fuel Oil					
Other Expenses	23,923.20		23,923.20		23,923.20
Police Special Services					
Salaries and Wages	1,918.25		1,918.25		1,918.25
Information Technology					
Salaries and Wages	1,211.73		1,211.73		1,211.73
Total Appropriations outside Caps	<u>67,044.79</u>		<u>67,044.79</u>	<u>17,466.00</u>	<u>49,578.79</u>
Total General Appropriations	\$ <u>2,327,000.97</u>	\$ <u>347,800.69</u>	\$ <u>2,674,801.66</u>	\$ <u>598,667.76</u>	\$ <u>2,076,133.90</u>
Disbursed					
Interfund - Other Trust Fund				\$ <u>563,667.76</u>	
				35,000.00	
				\$ <u>598,667.76</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2012		\$	127,968.95
2013 Tax Levy:			
County Tax	\$	16,019,767.19	
County Library Tax		1,027,566.57	
County Open Space Tax		889,274.34	
County Share of Added and Omitted Taxes		<u>27,742.19</u>	
			<u>17,964,350.29</u>
			<u>18,092,319.24</u>
Decreased by:			
Disbursements			<u>18,064,577.05</u>
Balance December 31, 2013	\$		<u><u>27,742.19</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2012:		
School Tax Payable	\$ 3,156,819.02	
School Tax Deferred	<u>25,566,589.00</u>	
		\$ 28,723,408.02
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>61,287,242.00</u>
		90,010,650.02
Decreased by:		
Disbursements		<u>60,715,779.02</u>
Balance December 31, 2013:		
School Tax Payable	3,728,282.00	
School Tax Deferred	<u>25,566,589.00</u>	
		\$ <u>29,294,871.00</u>
2013 Liability for Local District School Tax:		
Tax Paid		\$ 60,715,779.02
Tax Payable December 31, 2013		<u>3,728,282.00</u>
		64,444,061.02
Less: Tax Payable December 31, 2012		<u>3,156,819.02</u>
Amount Charged to 2013 Operations		\$ <u>61,287,242.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2012:		
School Tax Payable		\$ 12,187,155.09
Increased by:		
Levy - School Year July 1 2013 to June 30, 2014		<u>25,868,895.00</u>
		38,056,050.09
Decreased by:		
Disbursements	\$ 25,504,934.09	
Adjustment to Levy Billed	<u> .71</u>	
		<u>25,504,934.80</u>
Balance December 31, 2013:		
School Tax Payable		<u><u>\$ 12,551,115.29</u></u>
2013 Liability for Local District School Tax:		
Tax Paid		\$ 25,504,934.09
Tax Payable December 31, 2013		<u>12,551,115.29</u>
		38,056,049.38
Less: Tax Payable December 31, 2012		<u>12,187,155.09</u>
Amount Charged to 2013 Operations		<u><u>\$ 25,868,894.29</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS

	<u>Total (Memo Only)</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Utility Operating Fund</u>	<u>Water-Sewer Utility Capital Fund</u>
Balance December 31, 2012 - Due From/(To)	\$ (635,953.78)	\$ 2,667.05	\$ (514,418.00)	\$ (80,000.00)	\$ (13,102.83)	\$ (31,100.00)
Increased by:						
Disbursements	640,458.77		514,418.00	81,837.94	13,102.83	31,100.00
Budget Appropriations	312.24		312.24			
Excess Statutory of Animal Control Reserve	6,739.29	6,739.29				
Adjustment to Escrow Interest	26,821.85		26,821.85			
Total Increases	<u>674,332.15</u>	<u>6,739.29</u>	<u>541,552.09</u>	<u>81,837.94</u>	<u>13,102.83</u>	<u>31,100.00</u>
Total Increases and Balances	<u>38,378.37</u>	<u>9,406.34</u>	<u>27,134.09</u>	<u>1,837.94</u>		
Decreased by:						
Receipts	2,667.05	2,667.05				
Appropriation Reserves	35,000.00		35,000.00			
Total Decreases	<u>37,667.05</u>	<u>2,667.05</u>	<u>35,000.00</u>			
Balance December 31, 2013 - Due From/(To)	\$ 711.32	\$ 6,739.29	\$ (7,865.91)	\$ 1,837.94	\$	\$

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2012 - Due To			\$ 196,174.00
Increased by:			
Deposited in Current Fund:			
Grants Receivable	\$ 590,119.98		
Unappropriated Reserves	<u>88,801.27</u>	\$ 678,921.25	
Cancelled Grants Receivable		2,038.62	
2013 Budget Appropriations		<u>382,366.72</u>	
			<u>1,063,326.59</u>
			<u>1,259,500.59</u>
Decreased by:			
Cancelled Appropriated Reserves		14,953.26	
2013 Anticipated Revenue		342,114.72	
Disbursed in Current Fund:			
Current Fund	634,115.12		
Other Trust Fund	367.00		
Water-Sewer Utility Operating Fund	<u>35,000.00</u>		
		<u>669,482.12</u>	
			<u>1,026,550.10</u>
Balance December 31, 2013 - Due To			\$ <u><u>232,950.49</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

Exhibit A-14

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Anticipated Revenue</u>	<u>2013 Anticipated Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2013</u>
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse	\$ 25,448.23	\$ 41,010.00	\$ 45,563.97	\$	\$ 20,894.26
Body Armor Fund		5,841.51	5,841.51		
Clean Communities Program		70,945.06	70,945.06		
Drunk Driving Enforcement Fund		14,995.71	14,995.71		
Homeland Security and Preparedness Grant	284,998.36		284,720.66	277.70	
NJ OEM Performance Grant	14,844.62				14,844.62
Safe and Secure Communities Program		60,000.00	60,000.00		
Safe Corridors	71,710.89	130,131.44	71,419.47	291.42	130,131.44
Other:					
NJPCA/DHSS Community Funding		6,391.00	6,391.00		
Rutgers Quality Improvement Mini-Grant	2,500.00		2,500.00		
Federal Grants:					
Bulletproof Vests	12,447.50				12,447.50
Click It or Ticket		4,000.00	3,900.00	100.00	
Drive Sober or Get Pulled Over		8,800.00	3,200.00	1,200.00	4,400.00
Green Communities Program	169.50			169.50	
Licensed Operator Internship Program	35,000.00		35,000.00		
	<u>\$ 447,119.10</u>	<u>\$ 342,114.72</u>	<u>\$ 604,477.38</u>	<u>\$ 2,038.62</u>	<u>\$ 182,717.82</u>
Interfund - Current Fund			\$ 590,119.98		
Unappropriated Grants			<u>14,357.40</u>		
			<u>\$ 604,477.38</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Transferred from 2013 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2013</u>
State Grants:						
Alcohol Education and Rehabilitation						
2012 Grant Award	\$ 161.89	\$	\$	\$	\$	\$ 161.89
Alliance to Prevent Alcoholism and Drug Abuse						
2011 Grant Award	512.76	105.00		11,557.10		617.76
2012 Grant Award	4,025.35	8,300.00		44,380.57		768.25
2013 Grant Award			51,262.00			6,881.43
Body Armor Replacement						
2013 Grant Award			5,841.51			5,841.51
Clean Communities Program						
2011 Grant Award	9,287.41	7,323.00		16,610.41		
2012 Grant Award	29,607.30			29,607.30		
2013 Grant Award			70,945.06	22,617.28		48,327.78
Drunk Driving Enforcement Fund						
2008 Grant Award	1,191.05					1,191.05
2009 Grant Award	687.05			390.00		297.05
2011 Grant Award	13,893.84	905.00		14,757.81		41.03
2013 Grant Award			14,995.71	4,905.28		10,090.43
Homeland Security and Preparedness Grant	58,452.29	209,292.15		267,466.99	277.45	
NJ OEM Performance Grant						
2012 Grant Award	14,844.62					14,844.62
Recycling Tonnage Grant						
2010 Grant Award	29,641.82	9,625.00		24,432.43	12,834.39	2,000.00
2011 Grant Award	81,698.54					81,698.54
2012 Grant Award	69,025.68			5,555.64		63,470.04
Safe and Secure Communities Program						
2011-12 Grant Award	929.43		90,000.00	89,008.60		929.43
2013 Grant Award						991.40

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

GRANT FUND

Grant	Balance Dec. 31, 2012	Reserve for Encumbrances	Transferred from 2013 Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2013
State Grants (Continued):						
Safe Corridors						
2011 Grant Award	\$ 18.77	\$	\$	\$	\$	\$ 18.77
2012 Grant Award	291.42	31,322.69		31,322.69	291.42	
2013 Grant Award			130,131.44	130,129.40		2.04
Tobacco Age-of-Sale Enforcement Program						
2009 Grant Award	2,160.00					2,160.00
Other:						
NJPCA/DHSS Community Funding			6,391.00	6,391.00		
Rutgers Quality Improvement Mini-Grant	320.65	2,179.35		2,184.47		315.53
Federal Grants:						
Bulletproof Vests				7,030.10		541.54
2012 Grant Award						
Click It or Ticket			4,000.00	3,900.00	100.00	
2013 Grant Award						
Drive Sober or Get Pulled Over			8,800.00	4,400.00	1,200.00	3,200.00
2013 Grant Award	250.00			250.00		
Green Communities Grant						
	<u>\$ 324,571.51</u>	<u>\$ 269,052.19</u>	<u>\$ 382,366.72</u>	<u>\$ 716,647.07</u>	<u>\$ 14,953.26</u>	<u>\$ 244,390.09</u>

Interfunds:

Current Fund	\$ 634,115.12
Other Trust Fund	55.00
Reserve for Encumbrances	<u>82,476.95</u>
	<u>\$ 716,647.07</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>Received</u>	<u>Realized as Anticipated Revenue</u>	<u>Balance Dec. 31, 2013</u>
State Grants:				
Body Armor Replacement	\$ 5,841.51	\$ 7,578.24	\$ 5,841.51	\$ 7,578.24
Drunk Driving Enforcement Fund	8,515.89		8,515.89	
Recycling Tonnage Grant		74,859.28		74,859.28
Federal Grant:				
Bulletproof Vests		6,363.75		6,363.75
	<u>\$ 14,357.40</u>	<u>\$ 88,801.27</u>	<u>\$ 14,357.40</u>	<u>\$ 88,801.27</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2012	\$ 59,591.25	\$ 6,776,925.68
Increased by Receipts:		
Due to State of New Jersey	\$ 3,890.40	
Dog License and Other Fees	16,923.20	
Prepaid Licenses	10,466.40	
Due from Municipal Court		1,771.50
Interfunds		514,785.00
Miscellaneous Reserves		<u>12,189,417.55</u>
	<u>31,280.00</u>	<u>12,705,974.05</u>
	<u>90,871.25</u>	<u>19,482,899.73</u>
Decreased by Disbursements:		
Due to State of New Jersey	3,897.00	
Animal Control Trust Fund Expenditures	11,597.71	
Interfunds	2,667.05	55.00
Miscellaneous Reserves		<u>9,952,331.33</u>
	<u>18,161.76</u>	<u>9,952,386.33</u>
Balance December 31, 2013	<u>\$ 72,709.49</u>	<u>\$ 9,530,513.40</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE TO STATE OF NEW JERSEY

DEPARTMENT OF HEALTH

Balance December 31, 2012		\$	4.20
Increased by:			
Fees Collected	\$	3,890.40	
Adjust Prior Year Due to State		<u>2.40</u>	
			<u>3,892.80</u>
			<u>3,897.00</u>
Decreased by:			
Payments to State of New Jersey	\$		<u><u>3,897.00</u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2012		\$	42,876.60
Increased by:			
Dog License Fees	\$	14,543.20	
Kennel License		120.00	
Other		<u>2,260.00</u>	
		<u>16,923.20</u>	
Prepaid Licenses Applied		<u>9,457.00</u>	
			<u>26,380.20</u>
			<u>69,256.80</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11		11,597.71	
Adjust Prior Year Due to State		2.40	
Statutory Excess Due Current Fund		<u>6,739.29</u>	
			<u>18,339.40</u>
Balance December 31, 2013		\$	<u><u>50,917.40</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ <u>24,153.20</u>
2012	<u>26,764.20</u>
	<u><u>\$ 50,917.40</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2012 - Due To	\$ 2,667.05
Increased by:	
Statutory Excess	<u>6,739.29</u>
	9,406.34
Decreased by:	
Disbursements	<u>2,667.05</u>
Balance December 31, 2013 - Due To	\$ <u><u>6,739.29</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVES AND SPECIAL DEPOSITS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Reserve for:				
Arboretum	\$ 26,715.33	\$ 900.00	\$ 628.60	\$ 26,986.73
Board of Recreation Commissioners	896,893.73	1,033,526.52	957,099.24	973,321.01
Cash Bonds		1,000.00	1,000.00	
Construction Code Dedicated Penalties	21,900.92	18,750.00		40,650.92
Deposits for Redemption of Tax Sale Certificates	29,854.79	508,631.36	495,229.10	43,257.05
Detention Project	904,633.09	408,279.76	111,750.00	1,201,162.85
Escrow Deposits	1,423,003.82	798,422.60	746,655.61	1,474,770.81
Historical Preservation	600.00			600.00
Monument Bonds				875.00
Mount Laurel Housing Trust	1,047,540.66	163,545.38	209,605.12	1,001,480.92
Municipal Drug Alliance Fund	25,915.28	22,182.00	29,080.93	19,016.35
Open Space	164,131.24	1,646,040.00	1,604,220.00	205,951.24
Parking Offenses Adjudication Act	4,109.60	1,364.00	1,797.00	3,676.60
Premiums Received at Tax Sale	255,600.00	1,735,700.00	113,300.00	1,878,000.00
Public Defender	735.20	36,464.50	31,150.00	6,049.70
Public Safety Donation	21,385.99	2,600.00	7,560.84	16,425.15
Relocation	7,502.00			7,502.00
Road Projects	379,754.26	5,108,500.00	5,108,500.00	379,754.26
Self Insurance				
Shade Tree Donations	71,489.98			71,489.98
Shade Tree Escrow	5,200.00	85,900.00	2,500.00	88,600.00
Sick Leave Trust	133,434.91	35,000.00	13,757.73	154,677.18
Sidewalks and Curbs	249,875.35	8,482.30	26,926.75	231,430.90
Snow Removal	1,315,233.73	560,314.08	446,613.70	1,428,934.11
Special Law Enforcement Fund	36,399.96	4,880.80		38,149.24
Street Opening Bonds	15,010.00	18,500.00	21,750.00	11,760.00
Unemployment Trust	173,504.69	19,934.25	39,015.15	154,423.79
Uniform Fire Safety Act Penalty Monies 2:12	37,297.39	5,500.00	8,194.13	34,603.26
Uniform Fire Safety Act Penalty Monies 2:12A	44,830.26			44,830.26
	<u>\$ 7,293,427.18</u>	<u>\$ 12,224,417.55</u>	<u>\$ 9,979,465.42</u>	<u>\$ 9,538,379.31</u>
Receipts				
Interfund - Current Fund	\$ 12,189,417.55	35,000.00		
	<u>\$ 12,224,417.55</u>			
Disbursements				
Interfund - Current Fund			\$ 9,952,331.33	
			27,134.09	
			<u>\$ 9,979,465.42</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2012 - Due From		\$ 514,418.00
Increased by:		
Disbursements	\$ 55.00	
Miscellaneous Reserves	35,000.00	
Grant Fund Interfund Liquidated	<u>312.00</u>	
		<u>35,367.00</u>
		549,785.00
Decreased by:		
Receipts	514,785.00	
Miscellaneous Reserves	<u>27,134.09</u>	
		<u>541,919.09</u>
Balance December 31, 2013 - Due From		\$ <u><u>7,865.91</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2012		\$ 5,873,467.86
Increased by Receipts:		
Premiums on Sale of Bonds and Notes	\$ 174,490.06	
Accounts Receivable:		
Offset with Reserves	17,000.00	
Interfunds	80,000.00	
Serial Bonds	5,640,000.00	
Bond Anticipation Notes	4,627,000.00	
Grants Receivable	212,500.00	
Reserve for Debt Service	35,545.18	
Budget Appropriations:		
Capital Improvement Fund	<u>400,000.00</u>	
		<u>11,186,535.24</u>
		<u>17,060,003.10</u>
Decreased by Disbursements:		
Reserve for Debt Service to Pay Notes	686,000.00	
Bond Anticipation Notes	5,640,000.00	
Improvement Authorizations	<u>1,993,537.93</u>	
		<u>8,319,537.93</u>
Balance December 31, 2013		\$ <u><u>8,740,465.17</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

Ordinance Number	Improvement Description	Receipts			Disbursements			Transfers		Balance Dec. 31, 2013
		Balance Dec. 31, 2012	Serial Bonds Issued	Notes Issued	Miscellaneous	Improvement Authorizations	Notes Paid	Miscellaneous	From	
	Fund Balance	\$ 982,321.30	\$	\$	\$ 174,490.06	\$	\$	\$ 750,000.00	\$ 185,103.13	\$ 1,341,914.49
	Capital Improvement Fund	1,071,335.54			400,000.00					721,335.54
	Down Payments on Improvements	95,737.00			80,000.00					95,737.00
	Interfund - Current Fund	(80,000.00)			212,500.00					1,837.94
	Grant Receivable	(346,934.04)			17,000.00			17,000.00		(134,434.04)
	Accounts Receivable Offset with Reserves									
	Reserve for:									
	Improvements	21,376.00								21,376.00
	Debt Service	651,090.36			35,545.18		686,000.00			635.54
	Historical Preservation	15,590.20								15,590.20
	Improvement Authorizations									
	Ordinance									
97-01	Renovations to Municipal Complex	12,857.45								12,857.45
97-11	Various Improvements	7,505.64								7,505.64
98-08	Various Improvements	3,836.88								3,836.88
99-09	Various Improvements	79.12								79.12
00-10	Various Improvements	1,544.90								1,544.90
01-13	Various Improvements	277.46								277.46
02-13	Various Improvements	234,627.19	885,000.00					885,000.00		234,627.19
03-09	Various Improvements	4,156.27				307.98				3,848.29
03-20	Acquisition of Property	50,461.85								50,461.85
03-21	Acquisition of Property	37,567.72						37,567.72		37,567.72
04-11	Various Improvements	53,760.86								53,760.86
04-12	Acquisition of Property	25,791.61				10,624.50				15,167.11
05-19	Various Improvements	462.94								462.94
05-35	Development of Park Lands	1,764.95								1,764.95
06-20	Affordable Housing	54,281.95								54,281.95
06-21	Various Improvements	100,918.76				688.09				100,230.67
07-14, 08-29	Various Improvements	187,526.63				3,260.87				184,265.76
08-14	Development Easements for Open Space	1,837.94								1,837.94
09-16	Various Improvements	292,945.76	1,675,000.00	227,000.00		184,559.53	1,675,000.00			335,386.23
10-21	Various Improvements	107,692.95	1,390,000.00	150,000.00		42,863.28	1,390,000.00			214,829.67
11-20	Various Improvements	725,381.81	1,305,000.00	400,000.00		598,280.19	1,305,000.00			527,101.62
12-12	Various Improvements	1,433,220.86	385,000.00	2,500,000.00		1,119,237.24	385,000.00			2,813,983.62
12-19	Various Improvements	124,450.00		1,350,000.00		22,888.25				1,451,561.75
13-35	Emergency Replacement of a Culvert on Stonehurst Boulevard					10,828.00			750,000.00	739,172.00
		\$ 5,873,467.86	\$ 5,640,000.00	\$ 4,627,000.00	\$ 919,535.24	\$ 1,993,537.93	\$ 5,640,000.00	\$ 936,941.07	\$ 936,941.07	\$ 8,740,465.17

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO

FUTURE TAXATION - FUNDED

Balance December 31, 2012		\$ 24,581,554.11
Increased by:		
Serial Bonds Issued		<u>5,640,000.00</u>
		30,221,554.11
Decreased by:		
2013 Budget Appropriations:		
Principal on Serial Bonds	\$ 3,033,000.00	
Green Trust Loan	<u>395,103.52</u>	
		<u>3,428,103.52</u>
Balance December 31, 2013		<u>\$ 26,793,450.59</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Sheet 1 of 2

Ordinance Number	Improvement Description	Balance		Serial Bonds Issued	Ordinances Cancelled	Budget Appropriations and Reserve	Balance Dec. 31, 2013	Analysis of Balance Dec. 31, 2013	
		Dec. 31, 2012	Dec. 31, 2013					Bond Anticipation Notes	Unexpended Improvement Authorizations
97-01	Renovations to Municipal Complex	\$ 415,000.00	\$ 215,000.00			\$ 200,000.00	\$ 215,000.00		\$ 215,000.00
97-11	Various Improvements	103,818.70	78,818.70			25,000.00	78,818.70		78,818.70
98-08	Various Improvements	1,667,755.00	1,610,755.00			57,000.00	1,610,755.00		1,610,755.00
99-09	Various Improvements	273,575.00	176,575.00			97,000.00	176,575.00		176,575.00
00-10	Various Improvements	1,388,000.00	1,104,000.00			284,000.00	1,104,000.00		1,104,000.00
01-13	Various Improvements	637,650.00	622,650.00			15,000.00	622,650.00		622,650.00
02-13	Various Improvements	2,610,150.00	1,674,150.00			51,000.00	1,674,150.00	450,000.00	1,224,150.00
03-09	Various Improvements	890,575.00	769,575.00			121,000.00	769,575.00	234,000.00	535,575.00
03-21	Acquisition of Property	58,600.00			58,600.00				
04-11	Various Improvements	834,930.00	723,930.00			111,000.00	723,930.00	188,000.00	535,930.00
04-13	Acquisition of Property	21,644.19			21,644.19				
05-19	Various Improvements	931,525.00				40,000.00	931,525.00		931,525.00
05-35	Development of Park Lands	530,000.00					490,000.00		490,000.00
06-20	Affordable Housing	1,045,000.00			1,045,000.00				
06-21	Various Improvements	866,075.00				13,000.00	853,075.00	287,000.00	566,075.00
07-14, 08-29	Various Improvements	1,517,915.00				27,000.00	1,490,915.00	723,000.00	767,915.00
08-14	Development Easements for Open Space	61,500.00			61,500.00	47,162.06			
09-16	Various Improvements	3,425,000.00		1,675,000.00		79,000.00	1,671,000.00	573,000.00	1,098,000.00
10-21	Various Improvements	3,214,000.00		1,390,000.00		47,000.00	1,777,000.00	235,000.00	1,542,000.00
11-20	Various Improvements	2,650,000.00		1,305,000.00			1,345,000.00	395,000.00	950,000.00
12-12	Various Improvements	5,426,555.00		385,000.00			5,041,555.00	3,515,000.00	1,526,555.00
12-19	Various Improvements	1,400,000.00					1,400,000.00	1,400,000.00	
		<u>\$ 29,969,267.89</u>	<u>\$ 21,975,523.70</u>	<u>\$ 5,640,000.00</u>	<u>\$ 1,139,582.13</u>	<u>\$ 1,214,162.06</u>	<u>\$ 21,975,523.70</u>	<u>\$ 8,000,000.00</u>	<u>\$ 13,975,523.70</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO

Sheet 2 of 2

FUTURE TAXATION - UNFUNDED

**Analysis of
Balance
Dec. 31, 2013
Unexpended
Improvement
Authorizations**

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

\$ 19,700,831.49

<u>Ordinance Number</u>	<u>Improvement Description</u>	
02-13	Various Improvements	\$ 234,627.19
03-09	Various Improvements	3,848.29
04-11	Various Improvements	43,136.36
06-21	Various Improvements	100,230.67
07-14, 08-29	Various Improvements	184,265.76
09-16	Various Improvements	335,386.23
10-21	Various Improvements	214,829.67
11-20	Various Improvements	395,000.00
12-12	Various Improvements	2,813,983.62
12-19	Various Improvements	<u>1,400,000.00</u>

5,725,307.79

\$ 13,975,523.70

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit C-6
Sheet 1 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2012	Issued	Paid by Budget Appropriation	Balance Dec. 31, 2013
			Outstanding Dec. 31, 2013	Amount					
General Improvement Bonds	10/14/2004	\$ 10,790,000	10/01/2014	\$ 850,000	4.000%	\$ 1,700,000.00	\$ 850,000.00	\$ 850,000.00	
Open Space Bonds	10/14/2004	1,210,000	10/01/2014	60,000	4.000%	120,000.00	60,000.00	60,000.00	
General Improvement Bonds	7/26/2007	6,160,000	7/01/2014-16	480,000	4.125%	4,625,000.00	435,000.00	4,190,000.00	
Open Space Bonds	7/26/2007	4,340,000	7/01/2017-21	550,000	4.250%				
			7/01/2014-16	290,000	4.125%				
			7/01/2017-21	290,000	4.250%				
General Obligation Bonds	6/01/2008	5,944,000	7/01/2022	280,000	4.250%	2,890,000.00	290,000.00	2,600,000.00	
			12/01/2014	355,000	5.000%				
			12/01/2015	372,000	5.000%				
			12/01/2016	391,000	4.000%				
			12/01/2017	407,000	4.000%				
			12/01/2018	423,000	5.250%				
			12/01/2019	445,000	4.500%				
			12/01/2020	465,000	4.500%				
			12/01/2021	486,000	5.000%				
			12/01/2022	510,000	5.250%				
			12/01/2023	537,000	5.000%	4,729,000.00	338,000.00	4,391,000.00	
General Obligation Refunding Bonds	12/16/2009	5,310,000	9/15/2014	660,000	4.000%				
			9/15/2015	655,000	4.000%				
			9/15/2016	700,000	4.000%	3,005,000.00	990,000.00	2,015,000.00	
Open Space Refunding Bonds	12/16/2009	475,000	9/15/2014-15	45,000	4.000%				
			9/15/2016	40,000	4.000%				
			9/15/2017-19	40,000	5.000%				
			9/15/2020	45,000	3.000%				
			9/15/2021	40,000	4.000%	380,000.00	45,000.00	335,000.00	
General Obligation Refunding Bonds	10/01/2012	3,800,000	10/01/2014	20,000	2.000%				
			10/01/2015	870,000	3.000%				
			10/01/2016	860,000	3.000%				
			10/01/2017	1,000,000	3.000%				
			10/01/2018	990,000	3.000%	3,760,000.00	20,000.00	3,740,000.00	
			10/01/2014	5,000	2.000%				
			10/01/2015	65,000	3.000%				
			10/1/2016-20	60,000	3.000%				
			10/1/2021-22	60,000	3.500%				
			10/1/2023-24	65,000	3.500%	625,000.00	5,000.00	620,000.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 2 of 2

<u>Improvement Description</u> General Obligation Bonds	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Issued</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
	<u>12/01/2013</u>	<u>\$ 5,640,000</u>	<u>Date</u>	<u>Amount</u>					
			12/01/2014	\$ 360,000	2.000%				
			12/01/2015	385,000	2.000%				
			12/01/2016	395,000	2.000%				
			12/01/2017	400,000	3.000%				
			12/01/2018	410,000	3.000%				
			12/01/2019	420,000	3.000%				
			12/01/2020	425,000	3.000%				
			12/01/2021	440,000	3.000%				
			12/01/2022	450,000	3.000%				
			12/01/2023	465,000	3.000%				
			12/01/2024	480,000	3.000%				
			12/01/2025	495,000	3.000%				
			12/01/2026	515,000	3.250%				
						\$	\$ 5,640,000.00	\$	\$ 5,640,000.00
						\$	\$ 5,640,000.00	\$	\$ 24,441,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 1 of 3

Improvement Description	Date of Issue	Original Issue	Maturities of Loan Outstanding Dec. 31, 2013 Date	Interest Rate	Balance Dec. 31, 2012	Paid by Budget Appropriation	Balance Dec. 31, 2013
Open Space Acquisition	November 1996	\$ 2,000,000.00	See Amortization Statement	2.00%	\$ 418,380.60	\$ 116,578.76	\$ 301,801.84
Open Space Acquisition	October 1997	965,000.00	See Amortization Statement	2.00%	284,171.24	54,594.97	229,576.27
Park Development	October 1998	500,000.00	See Amortization Statement	2.00%	164,645.68	28,610.92	136,034.76
Open Space Acquisition	November 2000	2,250,000.00	See Amortization Statement	2.00%	906,781.07	131,985.42	774,795.65
Opatut Park Development	October 2005	400,000.00	See Amortization Statement	2.00%	273,893.98	19,492.37	254,401.61
Opatut Park Development	September 2007	600,000.00	See Amortization Statement	2.00%	458,960.69	29,931.34	429,029.35
Opatut Park Development	March 2008	300,000.00	See Amortization Statement	2.00%	240,720.85	13,909.74	226,811.11
					\$ 2,747,554.11	\$ 395,103.52	\$ 2,352,450.59

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 3

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
January 2014	\$ 42,228.03	\$ 3,656.11
February 2014	82,174.79	12,038.25
April 2014	9,892.62	2,544.02
May 2014	7,059.37	2,268.11
June 2014	59,165.17	3,018.02
July 2014	42,650.30	3,233.84
August 2014	82,996.53	11,216.50
October 2014	9,991.55	2,445.09
November 2014	7,129.96	2,197.52
December 2014	59,756.82	2,426.37
January 2015	43,076.81	2,807.33
February 2015	83,826.49	10,386.54
April 2015	10,091.47	2,345.17
May 2015	7,201.26	2,126.22
June 2015	60,354.39	1,828.80
July 2015	43,507.58	2,376.56
August 2015	84,664.75	9,548.28
October 2015	10,192.38	2,244.26
November 2015	7,273.27	2,054.21
December 2015	60,957.94	1,225.25
January 2016	43,942.66	1,941.48
February 2016	85,511.40	8,701.63
April 2016	10,294.30	2,142.34
May 2016	7,346.01	1,981.47
June 2016	61,567.52	615.68
July 2016	44,382.08	1,502.06
August 2016	86,366.52	7,846.51
October 2016	10,397.25	2,039.39
November 2016	7,419.47	1,908.01
January 2017	44,825.90	1,058.24
February 2017	87,230.18	6,982.85
April 2017	10,501.22	1,935.42
May 2017	7,493.66	1,833.82
July 2017	15,567.83	312.92
August 2017	88,102.48	6,110.55
October 2017	10,606.23	1,830.41
November 2017	7,568.60	1,758.88
January 2018	45,429.84	454.30
February 2018	88,983.51	5,229.52
April 2018	10,712.29	1,724.35
May 2018	7,644.28	1,683.20
August 2018	89,873.35	4,339.68
October 2018	10,819.42	1,617.22
November 2018	7,720.73	1,606.75
February 2019	90,772.07	3,440.96
April 2019	10,927.61	1,509.03
May 2019	7,797.93	1,529.54
August 2019	16,947.60	2,533.23

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 3 of 3

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
October 2019	\$ 11,036.89	\$ 1,399.75
November 2019	7,875.91	1,451.57
February 2020	17,117.08	2,363.75
April 2020	11,147.25	1,289.39
May 2020	7,954.67	1,372.81
August 2020	17,288.25	2,192.58
October 2020	11,258.73	1,177.91
November 2020	8,034.22	1,293.26
February 2021	17,461.13	2,019.70
April 2021	11,371.32	1,065.32
May 2021	8,114.56	1,212.92
August 2021	17,635.74	1,845.09
October 2021	11,485.03	951.61
November 2021	8,195.71	1,131.77
February 2022	17,812.10	1,668.73
April 2022	11,599.88	836.76
May 2022	8,277.66	1,049.81
August 2022	17,990.22	1,490.61
October 2022	11,715.88	720.76
November 2022	8,360.44	967.04
February 2023	18,170.12	1,310.71
April 2023	11,833.04	603.60
May 2023	8,444.04	883.43
August 2023	18,351.82	1,129.01
October 2023	11,951.37	485.27
November 2023	8,528.49	798.99
February 2024	18,535.34	945.49
April 2024	12,070.88	365.76
May 2024	8,613.77	713.71
August 2024	18,720.69	760.14
October 2024	12,191.59	245.05
November 2024	8,699.91	627.57
February 2025	18,907.90	572.93
April 2025	12,313.40	123.14
May 2025	8,786.91	540.57
August 2025	19,096.98	383.85
November 2025	8,874.78	452.70
February 2026	19,287.95	192.88
May 2026	8,963.52	363.95
November 2026	9,053.16	274.32
May 2027	9,143.69	183.79
November 2027	9,235.15	92.35
	<u>\$ 2,352,450.59</u>	<u>\$ 197,706.24</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit C-8

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Issued for Cash</u>	<u>Budget Appropriations and Reserve</u>	<u>Serial Bonds Issued</u>	<u>Balance Dec. 31, 2013</u>
97-01	Renovations to Municipal Complex	12/21/2010			\$ 200,000.00		\$ 200,000.00		\$
97-11	Various Improvements	12/21/2010			25,000.00		25,000.00		
98-08	Various Improvements	12/22/2009			57,000.00		57,000.00		
99-09	Various Improvements	12/22/2009			62,000.00		62,000.00		
99-09	Various Improvements	12/21/2010			35,000.00		35,000.00		
00-10	Various Improvements	12/22/2009			244,000.00		244,000.00		
00-10	Various Improvements	12/21/2010			25,000.00		25,000.00		
00-10	Various Improvements	12/19/2012			15,000.00		15,000.00		
01-13	Various Improvements	12/21/2010			10,000.00		10,000.00		
01-13	Various Improvements	12/19/2012			5,000.00		5,000.00		
02-13	Various Improvements	12/22/2009			386,000.00		386,000.00	370,850.00	
03-09	Various Improvements	12/21/2010	12/16/2014	1.00%	1,000,000.00		35,850.00	514,150.00	450,000.00
03-09	Various Improvements	12/22/2009	12/16/2014	1.00%	252,000.00		119,800.00		132,200.00
03-09	Various Improvements	12/21/2010	12/16/2014	1.00%	33,000.00		1,200.00		31,800.00
03-09	Various Improvements	12/19/2012	12/16/2014	1.00%	70,000.00				70,000.00
04-11	Various Improvements	12/22/2009	12/16/2014	1.00%	29,000.00				28,000.00
05-35	Various Improvements	12/21/2010	12/16/2014	1.00%	270,000.00		110,000.00		160,000.00
05-35	Development of Park Lands	12/21/2010			30,000.00		30,000.00		
05-35	Development of Park Lands	12/19/2012			10,000.00		10,000.00		
06-21	Various Improvements	12/21/2010	12/16/2014	1.00%	300,000.00		10,000.00		287,000.00
07-14, 08-29	Various Improvements	12/21/2010	12/16/2014	1.00%	750,000.00		27,000.00		723,000.00
08-14	Development Easements for Open Space	12/22/2009			49,000.00		49,000.00		
09-16	Various Improvements	12/22/2009			941,000.00		39,100.00	901,900.00	187,000.00
09-16	Various Improvements	12/21/2010	12/16/2014	1.00%	1,000,000.00		39,900.00	773,100.00	159,000.00
09-16	Various Improvements	12/19/2012	12/16/2014	1.00%	159,000.00				227,000.00
09-16	Various Improvements	12/17/2013	12/16/2014	1.00%		227,000.00			
10-21	Various Improvements	12/21/2010			1,222,000.00		47,000.00	1,175,000.00	85,000.00
10-21	Various Improvements	12/19/2012	12/16/2014	1.00%	300,000.00			215,000.00	150,000.00
10-21	Various Improvements	12/17/2013	12/16/2014	1.00%		150,000.00			
11-20	Various Improvements	12/20/2011			1,000,000.00			1,000,000.00	
11-20	Various Improvements	12/19/2012			300,000.00			300,000.00	
11-20	Various Improvements	12/17/2013	12/16/2014	1.00%		400,000.00			395,000.00
12-12	Various Improvements	12/19/2012	12/16/2014	1.00%	1,400,000.00			5,000.00	1,015,000.00
12-12	Various Improvements	12/17/2013	12/16/2014	1.00%		2,500,000.00		385,000.00	2,500,000.00
12-19	Various Improvements	12/19/2012	12/16/2014	1.00%	50,000.00				50,000.00
12-19	Various Improvements	12/17/2013	12/16/2014	1.00%		1,350,000.00			1,350,000.00
					\$ 10,229,000.00	\$ 4,627,000.00	\$ 1,216,000.00	\$ 5,640,000.00	\$ 8,000,000.00
	Budget Appropriations				\$ 528,162.06				
	Cash on Hand				1,837.94				
	Reserve for Debt Service				686,000.00				
					\$ 1,216,000.00				

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012		2013 Authorization Capital Improvement Fund	Expended	Cancelled	Balance Dec. 31, 2013	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
97-01	Renovations to Municipal Complex	2/25/1997	\$ 1,700,000.00	\$	\$ 227,857.45	\$	\$	\$	\$ 12,857.45	\$ 215,000.00
97-11	Various Improvements	5/27/1997	2,441,000.00		86,324.34				7,505.64	78,818.70
98-08	Various Improvements	4/21/1998	5,179,100.00		1,614,591.88				3,836.88	1,610,755.00
99-09	Various Improvements	4/27/1999	2,688,500.00		176,654.12				79.12	176,575.00
00-10	Various Improvements	4/18/2000	3,715,265.00		1,105,544.90				1,544.90	1,104,000.00
01-13	Various Improvements	4/24/2001	4,187,000.00		622,927.46				277.46	622,650.00
02-13	Various Improvements	4/23/2002	6,867,500.00		1,458,777.19					1,458,777.19
03-09	Various Improvements	4/22/2003	2,808,500.00		539,731.27		307.98			539,423.29
03-20	Acquisition of Property	8/26/2003	800,000.00			50,461.85		50,461.85		
03-21	Acquisition of Property	8/26/2003	600,000.00		37,567.72			96,167.72		
04-11	Various Improvements	4/27/2004	5,669,400.00				10,624.50			579,066.36
04-12	Acquisition of Property	4/27/2004	420,000.00			25,791.61				
04-13	Acquisition of Property	4/27/2004	580,000.00					25,791.61		
05-19	Various Improvements	7/26/2005	4,806,525.00		21,644.19			21,644.19		
05-35	Development of Park Lands	11/29/2005	2,280,000.00		462.94				462.94	931,525.00
06-20	Affordable Housing	5/23/2006	1,100,000.00		491,764.95				1,764.95	490,000.00
06-21	Various Improvements	5/23/2006	3,798,500.00		54,281.95			1,099,281.95		
07-14, 08-29	Various Improvements	6/26/2007	4,905,700.00		666,993.76		688.09			666,305.67
08-14	Development Easements for Open Space	11/12/2008	155,000.00		955,441.63					952,180.76
09-16	Various Improvements	7/29/2008	1,750,000.00		14,337.94			14,337.94		
10-21	Various Improvements	5/26/2009	3,821,000.00		1,617,945.76					1,433,386.23
11-20	Various Improvements	8/31/2010	3,627,000.00		1,799,692.95		184,559.53			1,756,829.67
12-12	Various Improvements	8/23/2011	2,986,000.00		2,075,381.81		598,280.19			1,345,000.00
12-19	Various Improvements	6/26/2012	5,900,000.00		33,220.86				132,101.62	4,340,538.62
13-35	Emergency Replacement of a Culvert on Stonehurst Boulevard	10/02/2012	1,475,000.00		1,400,000.00		22,888.25		51,561.75	1,400,000.00
		11/12/2013	750,000.00			750,000.00	10,828.00		739,172.00	
						\$ 276,236.93	\$ 22,926,982.46	\$ 1,307,685.26	\$ 951,164.71	\$ 19,700,831.49
	Fund Balance							\$ 168,103.13		
	Deferred Charge to Future Taxation - Unfunded							1,139,582.13		
								\$ 1,307,685.26		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	\$ 1,071,335.54
Increased by:	
2013 Budget Appropriations	<u>400,000.00</u>
	1,471,335.54
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>750,000.00</u>
Balance December 31, 2013	\$ <u><u>721,335.54</u></u>

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

Exhibit C-11

Balance December 31, 2012 and 2013	\$ <u><u>95,737.00</u></u>
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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASES PAYABLE

Sheet 1 of 2

Year of Lease	Lease Principal	Maturities of Leases		Balance Dec. 31, 2012	New Lease	Paid by Budget Appropriation	Balance Dec. 31, 2013
		Outstanding Date	Dec. 31, 2013 Amount				
2007	\$ 886,200.00	See Amortization Statement	\$ 402,500.00	\$	\$ 72,900.00	\$ 329,600.00	
2011	582,000.00	See Amortization Statement	462,000.00		128,000.00	334,000.00	
2013	844,200.00	See Amortization Statement			844,200.00	844,200.00	
			\$ 864,500.00	\$ 844,200.00	\$ 200,900.00	\$ 1,507,800.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Sheet 2 of 2

AUTHORITY LEASES PAYABLE

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
March 2014	\$	\$ 8,240.00
April 2014		22,524.17
September 2014	76,500.00	8,240.00
October 2014	238,710.00	23,267.50
March 2015		6,327.50
April 2015		20,082.50
September 2015	80,300.00	6,327.50
October 2015	149,440.00	20,082.50
March 2016		4,320.00
April 2016		17,092.50
September 2016	84,300.00	4,320.00
October 2016	155,170.00	17,092.50
March 2017		2,212.50
April 2017		13,632.50
September 2017	88,500.00	2,212.50
October 2017	104,810.00	13,632.50
April 2018		11,122.50
October 2018	111,270.00	11,122.50
April 2019		8,630.00
October 2019	86,700.00	8,630.00
April 2020		6,895.00
October 2020	90,430.00	6,895.00
April 2021		4,965.00
October 2021	95,160.00	4,965.00
April 2022		2,935.00
October 2022	71,890.00	2,935.00
April 2023		1,495.00
October 2023	<u>74,620.00</u>	<u>1,495.00</u>
	\$ <u>1,507,800.00</u>	\$ <u>261,691.67</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>
97-01	Renovations to Municipal Complex	\$ 215,000.00
97-11	Various Improvements	78,818.70
98-08	Various Improvements	1,610,755.00
99-09	Various Improvements	176,575.00
00-10	Various Improvements	1,104,000.00
01-13	Various Improvements	622,650.00
02-13	Various Improvements	1,224,150.00
03-09	Various Improvements	535,575.00
04-11	Various Improvements	535,930.00
05-19	Various Improvements	931,525.00
05-35	Development of Park Lands	490,000.00
06-21	Various Improvements	566,075.00
07-14, 08-29	Various Improvements	767,915.00
09-16	Various Improvements	1,098,000.00
10-21	Various Improvements	1,542,000.00
11-20	Various Improvements	950,000.00
12-12	Various Improvements	1,526,555.00
		<u>\$ 13,975,523.70</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-6

SCHEDULE OF CASH - TREASURER

	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance December 31, 2012	\$ 6,094,087.16	\$ 519,080.21	\$ 2,074,032.58
Increased by Receipts:			
Prepaid Water-Sewer Rents	\$ 17,894.89		
Water Connection Fees	252,067.49		
Sewer Connection Fees	114,927.99		
Interest on Investments	72,060.26		
Miscellaneous Other	68,889.56		
Prior Year Sewer Charge Reimbursement	891,155.53		
Fire Hydrant Service	196,841.06		
Water Charges Receivable	3,792,476.47		
Sewer Charges Receivable	7,185,843.13		
Bankruptcy Utility Charges	31.13		
Assessments Receivable		76,753.31	
Reserve for Infrastructure Contribution			6,625.00
Premium on Sale of Notes			47,007.37
Connections Receivable			3,096.00
Developer Contribution Receivable			12,500.00
Interfunds	128,157.74	376.09	111,154.91
Bond Anticipation Notes			750,000.00
	<u>12,720,345.25</u>	<u>77,129.40</u>	<u>930,383.28</u>
	<u>18,814,432.41</u>	<u>596,209.61</u>	<u>3,004,415.86</u>
Decreased by Disbursements:			
Budget Appropriations	10,125,020.45		
Appropriation Reserves	309,814.53		
Refund of Prior Year Revenue	67.69		
Interfunds	80,054.91		
Accrued Interest on Bonds and Notes	406,243.67		
Improvement Authorizations			543,010.03
Assessment Serial Bonds		150,000.00	
	<u>10,921,201.25</u>	<u>230,431.00</u>	<u>543,010.03</u>
Balance December 31, 2013	\$ 7,893,231.16	\$ 365,778.61	\$ 2,461,405.83

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-7

ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Assessments Receivable	Miscellaneous	Bonds	Miscellaneous	From	To	
Fund Balance	\$ 187,910.05							\$ 250,778.61
Interfund - Water-Sewer Operating Fund	80,054.91		376.09					
Assessment Bonds:					80,431.00			
Ordinance Number								
00-09								
		Improvement Description						
		Various Local Improvements and Improvements to the Sewer System - East Freehold						
01-36	198,976.11			112,627.98				86,348.13
		Various Local Improvements and Improvements to the Sewer System - Quail						
02-23	18,088.74			10,238.91				7,849.83
		Various Local Improvements and Improvements to the Sewer System - Queen Anne						
02-29	21,275.67	9,907.52		16,894.20				12,952.22
		Various Local Improvements and Improvements to the Sewer System - Oak Rise						
02-42, 04-30, 05-41	12,774.73	5,314.00		10,238.91				7,849.82
		Various Local Improvements and Improvements to the Sewer System - Stonehill						
04-19, 04-20		14,085.50				14,085.50		
		Various Local Improvements and Improvements to the Sewer System - White Mountain						
04-21		12,827.43				12,827.43		
		Various Local Improvements and Improvements to the Sewer System - Eaglenest						
06-31, 06-43		9,371.55				9,371.55		
		Various Local Improvements to the Sanitary Sewerage System - Weaverville						
07-22, 08-16		13,022.88				13,022.88		
		Various Local Improvements to the Sanitary Sewerage System - Southern Gulf						
		12,224.43				12,224.43		
	\$ 519,080.21	\$ 76,753.31	\$ 376.09	\$ 150,000.00	\$ 80,431.00	\$ 62,868.56	\$ 62,868.56	\$ 365,778.61

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

ANALYSIS OF CASH

Fund Balance	Balance Dec. 31, 2012	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2013
		Notes Issued	Miscellaneous		From	To	
Connection Fees Receivable	\$ 1,034,232.72	\$	\$ 47,007.37	\$	\$ 3,096.00	\$ 15,596.00	\$ 1,096,836.09
Developer Contribution Receivable			3,096.00		12,500.00		
Interfunds:			12,500.00				
Current Fund	(31,100.00)						
Water-Sewer Operating Fund	(80,054.91)		31,100.00				71,435.80
Reserve for Infrastructure Contribution	64,810.80		80,054.91				287,195.00
Capital Improvement Fund	287,195.00		6,625.00				75,864.83
Cash on Hand to Pay Bond Anticipation Notes							
Improvement Authorizations:							
Ordinance Number	Improvement Description						
00-09, 01-15	General Improvements:	24,027.07				24,027.07	
00-11	Various Local Improvements and Improvements to the Sewer System						
	Various Improvements to the Water-Sewer System			378,477.10			45,702.30
02-14, 04-31	Improvements to the Water System	45,702.30					99,888.55
03-10	Improvements to the Water System	28,365.65	450,000.00				3,508.76
05-20	Various Improvements to the Water-Sewer System	3,508.76					
06-22	Various Improvements to the Water-Sewer System	11,596.10					11,596.10
07-15	Various Improvements to the Water-Sewer System	56,769.98		18,274.49			38,493.49
09-17	Various Improvements to the Water-Sewer System	218,610.00					218,610.00
10-22	Various Improvements to the Water-Sewer System	(232,080.57)	300,000.00				67,919.43
11-21	Various Improvements to the Water-Sewer System	185,947.44		10,021.52			175,925.92
12-13	Various Improvements to the Water-Sewer System	95,664.48		10,762.50			84,901.98
	Various Improvements to the Water-Sewer System	309,000.00		125,474.42			183,525.58
07-22, 08-16	Local Improvements:	51,837.76				51,837.76	
	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf			543,010.03			
		\$ 2,074,032.58	\$ 750,000.00	\$ 543,010.03	\$ 91,460.83	\$ 91,460.83	\$ 2,461,405.83

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF WATER CHARGES RECEIVABLE

Balance December 31, 2012		\$ 198,005.51
Increased by:		
Water Charges Levied		<u>3,970,883.70</u>
		4,168,889.21
Decreased by:		
Receipts:		
Consumer Accounts	\$ 3,792,476.47	
Fire Hydrant Service	196,841.06	
Prepaid Applied	<u>8,047.82</u>	
		<u>3,997,365.35</u>
Balance December 31, 2013		<u><u>\$ 171,523.86</u></u>

SCHEDULE OF SEWER CHARGES RECEIVABLE

Exhibit D-10

Balance December 31, 2012		\$ 291,039.12
Increased by:		
Sewer Charges Levied		<u>7,209,339.20</u>
		7,500,378.32
Decreased by:		
Receipts	\$ 7,185,843.13	
Prepaid Applied	<u>4,937.81</u>	
		<u>7,190,780.94</u>
Balance December 31, 2013		<u><u>\$ 309,597.38</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-11

SCHEDULE OF ASSESSMENTS RECEIVABLE

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2012	Collected	Balance Dec. 31, 2013	Pledged to Reserve
02-23	Various Local Improvements and Improvements to the Sewer System - Queen Anne	9/28/2004	10	11/15/2004-13	\$ 10,428.97	\$ 9,907.52	\$ 521.45	\$ 521.45
02-29	Various Local Improvements and Improvements to the Sewer System - Oak Rise	10/26/2004	10	12/01/2004-13	5,314.00	5,314.00		
02-42, 04-30, 05-41	Various Local Improvements and Improvements to the Sewer System - Stonehill	3/08/2005	10	5/31/2005-14	26,680.30	14,085.50	12,594.80	12,594.80
04-19, 04-20	Various Local Improvements and Improvements to the Sewer System - White Mountain	6/27/2006	10	8/01/2006-15	31,502.58	12,827.43	18,675.15	18,675.15
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	2/28/2006	10	5/01/2006-15	22,899.82	9,371.55	13,528.27	13,528.27
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	7/29/2008	10	9/01/2008-17	49,541.96	13,022.88	36,519.08	36,519.08
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	8/25/2009	10	10/15/2010-19	63,246.04	12,224.43	51,021.61	51,021.61
					<u>\$ 209,613.67</u>	<u>\$ 76,753.31</u>	<u>\$ 132,860.36</u>	<u>\$ 132,860.36</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF RECEIVABLES

	<u>Balance Dec. 31, 2012</u>	<u>Paid in 2013</u>	<u>Balance Dec. 31, 2013</u>
Connection Fees: Queen Anne	\$ 24,768.00	\$ 3,096.00	\$ 21,672.00
Developers Contribution: Thompson Grove	<u>25,000.00</u>	<u>12,500.00</u>	<u>12,500.00</u>
	<u>\$ 49,768.00</u>	<u>\$ 15,596.00</u>	<u>\$ 34,172.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF FIXED CAPITAL

**Balance
Dec. 31, 2013**

Purchase and Improvement of the Freehold Water and Utility Company	\$ 1,700,000.00
Maintenance and Storage Facility	75,000.00
Purchase of Southern Gulf Water Company Treatment Plant	326,428.10
Distribution Mains	6,201,098.58
Meters and Meters Accessories	4,210,594.56
Standpipes and Storage Tanks	451,511.70
Wells	1,046,073.45
Trucks and Equipment	4,418,574.88
Budgetary Purchases	219,481.22
Land	1,327,719.39
Water System and Sewer System Improvements	432,146.38
Sewer Collection System	23,344,128.85
Sewer Emergency Response	5,777,373.97
Sewer Equipment	17,781.33
	18,543.46
	<u>\$ 49,566,455.87</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Costs to Fixed Capital	Cancelled	Balance Dec. 31, 2013
	General Improvements:				
94-33	Rehabilitation of Koenig Lane and Corrosion Inhibitor Facilities	\$ 375,000.00	\$ 262,470.68	\$ 112,529.32	\$ 1,166,000.00
00-11	Various Improvements to the Water-Sewer System	1,166,000.00			1,719,000.00
02-14, 04-31	Improvements to the Water System	1,719,000.00			625,000.00
03-10	Improvements to the Water System	625,000.00			2,023,000.00
05-20	Various Improvements to the Water-Sewer System	2,023,000.00			825,000.00
06-22	Various Improvements to the Water-Sewer System	825,000.00			300,000.00
07-15	Various Improvements to the Water-Sewer System	300,000.00			3,005,000.00
09-17	Various Improvements to the Water-Sewer System	3,005,000.00			875,000.00
10-22	Various Improvements to the Water-Sewer System	875,000.00			262,000.00
11-21	Various Improvements to the Water-Sewer System	262,000.00			700,000.00
12-13	Various Improvements to the Water-Sewer System	700,000.00			
	Local Improvements:				
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System - East Freehold	4,450,000.00	4,364,808.03	85,191.97	
04-19, 06-40	Various Local Improvements to the Water Utility System - White Mountain	150,000.00	147,154.32	2,845.68	
04-20	Various Local Improvements to the Sanitary Sewerage System - White Mountain	275,000.00	223,618.65	51,381.35	
04-21	Various Local Improvements to the Sanitary Sewerage System - Eaglenest	300,000.00	229,328.79	70,671.21	
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	525,000.00	365,604.40	159,395.60	
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	500,000.00	375,716.94	124,283.06	
		<u>\$ 18,075,000.00</u>	<u>\$ 5,968,701.81</u>	<u>\$ 606,298.19</u>	<u>\$ 11,500,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-15

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 85,789.43	\$	\$ 85,789.43	\$	\$ 85,789.43
Other Expenses	1,125,343.46	98,673.56	1,224,017.02	310,819.60	913,197.42
Statutory Expenditures:					
Contribution to:					
Social Security System	<u>5,616.92</u>		<u>5,616.92</u>		<u>5,616.92</u>
	<u>\$ 1,216,749.81</u>	\$ <u>98,673.56</u>	\$ <u>1,315,423.37</u>	\$ <u>310,819.60</u>	\$ <u>1,004,603.77</u>
Disbursed				\$ 309,814.53	
Accounts Payable				<u>1,005.07</u>	
				\$ <u>310,819.60</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-16

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Balance December 31, 2012	\$ 71,405.58
Increased by:	
Budget Appropriations:	
Interest on Bonds and Notes	<u>399,140.59</u>
	470,546.17
Decreased by:	
Disbursed	<u>406,243.67</u>
Balance December 31, 2013	\$ <u><u>64,302.50</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-17

STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Collections to Fund Balance	Balance Dec. 31, 2013
02-23, 03-33	Various Local Improvements and Improvements to the Sewer System - Queen Anne	\$ 1,858.22	\$ 1,336.77	\$ 521.45
02-42, 04-30, 05-41	Various Local Improvements and Improvements to the Sewer System - Stonehill	26,680.30	14,085.50	12,594.80
04-19, 04-20	Various Local Improvements and Improvements to the Sewer System - White Mountain	31,502.58	12,827.43	18,675.15
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	22,899.82	9,371.55	13,528.27
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	49,541.96	13,022.88	36,519.08
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	63,246.04	12,224.43	51,021.61
		<u>\$ 195,728.92</u>	<u>\$ 62,868.56</u>	<u>\$ 132,860.36</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012		Paid or Charged	Cancelled	Balance Dec. 31, 2013	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
General Improvements:									
94-33	Rehabilitation of Koenig Lane and Corrosion Inhibitor Facilities	7/26/1994	\$ 375,000	\$	\$ 112,529.32	\$	\$ 112,529.32	\$	\$
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System	4/24/2001	4,450,000		85,191.97		85,191.97		
00-11	Various Improvements to the Water-Sewer System	4/18/2000	1,166,000		322,402.30				322,402.30
02-14, 04-31	Improvements to the Water System	8/10/2004	1,719,000		491,415.65	378,477.10			112,938.55
03-10	Improvements to the Water System	4/22/2003	625,000		35,806.07				35,806.07
05-20	Various Improvements to the Water-Sewer System	7/26/2005	2,023,000		321,850.00			11,596.10	321,850.00
06-22	Various Improvements to the Water-Sewer System	5/23/2006	825,000		56,769.98			38,495.49	123,750.00
07-15	Various Improvements to the Water-Sewer System	6/26/2007	300,000		218,610.00				218,610.00
09-17	Various Improvements to the Water-Sewer System	5/26/2009	3,005,000		1,618,419.43				1,618,419.43
10-22	Various Improvements to the Water-Sewer System	8/31/2010	875,000		561,947.44			10,021.52	551,925.92
11-21	Various Improvements to the Water-Sewer System	8/23/2011	262,000		143,664.48			10,762.50	132,901.98
12-13	Various Improvements to the Water-Sewer System	6/26/2012	700,000		33,400.00			125,474.42	574,525.58
Local Improvements:									
04-19, 06-40	Various Local Improvements to the Water Utility System - White Mountain	10/10/2006	150,000		2,845.68		2,845.68		
04-20	Various Local Improvements to the Sanitary Sewerage System - White Mountain	6/22/2004	275,000		51,381.35		51,381.35		
04-21	Various Local Improvements to the Sanitary Sewerage System - Eaglenest	6/22/2004	300,000		70,671.21		70,671.21		
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	8/22/2006	525,000		159,395.60		159,395.60		
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	9/25/2007	425,000		124,283.06		124,283.06		
		7/29/2008	75,000						
				\$ 101,766.08	\$ 5,110,763.56	\$ 543,010.03	\$ 606,298.19	\$ 50,091.59	\$ 4,013,129.83

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012 and 2013 \$ 287,195.00

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-20

Balance December 31, 2012 \$ 42,383,674.74

Increased by:

Budget Appropriations:

Serial Bonds

\$ 1,010,000.00

Transfer from Deferred Reserve for
Amortization

2,262,698.65

3,272,698.65

Balance December 31, 2013 \$ 45,656,373.39

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvements Description</u>	<u>Balance Dec. 31, 2013</u>
	General Improvements:	
00-11	Various Improvements to the Water-Sewer System	\$ 63,300.00
02-14, 04-31	Improvements to the Water System	89,450.00
03-10	Improvements to the Water System	31,850.00
05-20	Various Improvements to the Water-Sewer System	101,150.00
06-22	Various Improvements to the Water-Sewer System	41,250.00
07-15	Various Improvements to the Water-Sewer System	26,800.00
09-17	Various Improvements to the Water-Sewer System	213,000.00
10-22	Various Improvements to the Water-Sewer System	59,800.00
11-21	Various Improvements to the Water-Sewer System	14,000.00
12-13	Various Improvements to the Water-Sewer System	<u>33,400.00</u>
		<u>\$ 674,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-23

SCHEDULE OF WATER-SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Utility Bonds	10/14/2004	3,035,000	10/01/2014	\$ 150,000	4.000%	\$ 300,000.00	\$ 150,000.00	\$ 150,000.00
Utility Bonds	7/26/2007	3,000,000	7/15/2014-16	200,000	4.125%			
			7/15/2017-18	200,000	4.250%			
			7/15/2019-22	250,000	4.250%	2,200,000.00	200,000.00	2,000,000.00
Utility Refunding Bonds	12/16/2009	6,580,000	9/15/2014	650,000	4.000%			
			9/15/2015-16	645,000	4.000%			
			9/15/2017	640,000	5.000%			
			9/15/2018	645,000	5.000%			
			9/15/2019	335,000	5.000%			
			9/15/2020	335,000	3.000%			
			9/15/2021	330,000	4.000%	4,880,000.00	655,000.00	4,225,000.00
Utility Refunding Bonds	10/01/2012	1,680,000	10/01/2014	5,000	2.000%			
			10/01/2015	160,000	3.000%			
			10/01/2016-18	155,000	3.000%			
			10/01/2019	160,000	3.000%			
			10/01/2020	175,000	3.000%			
			10/1/2021-22	175,000	3.500%			
			10/1/2023-24	170,000	3.500%	1,660,000.00	5,000.00	1,655,000.00
						\$ 9,040,000.00	\$ 1,010,000.00	\$ 8,030,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

Exhibit D-24

WATER-SEWER UTILITY 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 Dec. 31, 2012	Increases	Decreases	Balance Dec. 31, 2013
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	\$ 125,000.00	\$	\$ 1,600.00	\$ 123,400.00
00-11	Various Improvements to the Water-Sewer System	12/22/2009	12/17/2013	12/16/2014	1.00%	19,300.00		4,300.00	15,000.00
02-14, 04-31	Various Improvements to the Water-Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	100,000.00			100,000.00
02-14, 04-31	Improvements to the Water System	12/21/2010	12/17/2013	12/16/2014	1.00%	100,000.00		3,500.00	96,500.00
02-14, 04-31	Improvements to the Water System	12/19/2012	12/17/2013	12/16/2014	1.00%	50,000.00			50,000.00
03-10	Improvements to the Water System	12/17/2013	12/17/2013	12/16/2014	1.00%	15,000.00	450,000.00	600.00	450,000.00
07-15	Various Improvements to the Water-Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	53,100.00		9,900.00	43,200.00
07-15	Various Improvements to the Water-Sewer System	12/22/2009	12/17/2013	12/16/2014	1.00%	230,000.00			230,000.00
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System	12/21/2010	12/17/2013	12/16/2014	1.00%	300,000.00		3,800.00	296,200.00
09-17	Various Improvements to the Water-Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	796,500.00			762,000.00
09-17	Various Improvements to the Water-Sewer System	12/22/2009	12/17/2013	12/16/2014	1.00%	175,000.00		34,500.00	175,000.00
09-17	Various Improvements to the Water-Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	4,500.00			4,500.00
09-17	Various Improvements to the Water-Sewer System	12/19/2012	12/17/2013	12/16/2014	1.00%	4,500.00			4,500.00
10-22	Various Improvements to the Water-Sewer System	12/17/2013	12/17/2013	12/16/2014	1.00%		300,000.00		300,000.00
11-21	Various Improvements to the Water-Sewer System	12/21/2010	12/17/2013	12/16/2014	1.00%	455,000.00		15,800.00	439,200.00
12-13	Various Improvements to the Water-Sewer System	12/20/2011	12/17/2013	12/16/2014	1.00%	200,000.00			200,000.00
12-13	Various Improvements to the Water-Sewer System	12/19/2012	12/17/2013	12/16/2014	1.00%	275,600.00			275,600.00
						\$ 2,899,000.00	\$ 750,000.00	\$ 74,000.00	\$ 3,575,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-25

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASE PAYABLE

Sheet 1 of 2

	<u>Year of Lease</u> 2013	<u>Lease Principal</u> \$ 73,800.00	<u>Maturities of Lease Outstanding Dec. 31, 2013</u> <u>Date</u> <u>Amount</u> See Amortization Statement	<u>New Lease</u> \$ 73,800.00	<u>Balance Dec. 31, 2013</u> \$ 73,800.00
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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-25

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Sheet 2 of 2

AUTHORITY LEASE PAYABLE

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
April 2014	\$	\$ 1,424.00
October 2014	7,290.00	1,490.00
April 2015		1,450.00
October 2015	7,560.00	1,450.00
April 2016		1,300.00
October 2016	7,830.00	1,300.00
April 2017		1,105.00
October 2017	8,190.00	1,105.00
April 2018		900.00
October 2018	8,730.00	900.00
April 2019		680.00
October 2019	6,300.00	680.00
April 2020		555.00
October 2020	6,570.00	555.00
April 2021		425.00
October 2021	6,840.00	425.00
April 2022		285.00
October 2022	7,110.00	285.00
April 2023		145.00
October 2023	<u>7,380.00</u>	<u>145.00</u>
	\$ <u>73,800.00</u>	\$ <u>16,604.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-26

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>
	General Improvements:	
00-11	Various Improvements to the Water-Sewer System	\$ 276,700.00
02-14, 04-31	Improvements to the Water System	13,050.00
03-10	Improvements to the Water System	32,297.31
05-20	Various Improvements to the Water-Sewer System	321,850.00
06-22	Various Improvements to the Water-Sewer System	123,750.00
09-17	Various Improvements to the Water-Sewer System	1,550,500.00
10-22	Various Improvements to the Water-Sewer System	376,000.00
11-21	Various Improvements to the Water-Sewer System	48,000.00
12-13	Various Improvements to the Water-Sewer System	<u>391,000.00</u>
		<u>\$ 3,133,147.31</u>

TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Freehold (herein referred to as “the Township”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated July 26, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

July 26, 2014
Freehold, New Jersey

TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH
PART IV
SINGLE AUDIT SECTION
FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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

Honorable Mayor and Members
of the Township Committee
Township of Freehold, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal or State Program

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

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04

We have audited the financial statements of Township of Freehold as of and for the year ended December 31, 2013, and have issued our report thereon dated July 26, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

July 26, 2014
Freehold, New Jersey

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Receipts</u>	<u>Expenditures</u>
		<u>From</u> <u>To</u>			
<u>Department of Transportation</u>					
Pass-Through:					
New Jersey Department of Transportation:					
Highway Planning and Construction:					
Burlington Road	20.205	2010 FY	\$ 250,000.00	\$ 62,500.00	\$ 200,000.00
Strickland Road	20.205	2012 FY	200,000.00	150,000.00	200,000.00
Total Department of Transportation				<u>212,500.00</u>	<u>200,000.00</u>
<u>Federal Emergency Management Agency</u>					
Pass-Through:					
New Jersey Department of Law and Public Safety:					
Public Assistance:					
Super Storm Sandy	97.036	2012 FY	1,241,877.05	603,295.03	1,241,877.05
<u>Department of Environmental Protection</u>					
Pass-Through:					
New Jersey Department of Environmental Protection:					
Licensed Operator Internship Program	66.471	2011 FY	35,000.00	35,000.00	
<u>Department of Justice</u>					
Bureau of Justice Assistance:					
Direct Program:					
Bulletproof Vest Partnership Program:					
2012	16.607	2012 FY	11,723.50		7,030.10
2013	16.607	2013 FY	6,363.75	6,363.75	
Pass-Through:					
New Jersey Department of Law and Public Safety:					
Drive Sober or Get Pulled Over	20.601	2012 FY	8,800.00	3,200.00	4,400.00
Click it or Ticket	20.602	2012 FY	4,000.00	3,900.00	3,900.00
Total Department of Justice				<u>13,463.75</u>	<u>15,330.10</u>
Total Federal Expenditures				\$ <u>864,258.78</u>	\$ <u>1,457,207.15</u>
Supplementary Information					

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Schedule 2

FOR THE YEAR ENDED DECEMBER 31, 2013

State Grantor/ Pass-Through Grantor/ Program Title	Account Number	Program or Award Amount	Grant Period		Cash Received	Year 2013		Total State Expenditures
			From	To		State Expenditures	Expenditures	
Law and Public Safety								
Body Armor Replacement Fund	718-066-1020-001-YCJS	\$ 7,578	1/01/2013	Till Finished	\$ 7,578.24		\$	
Drunk Driving Enforcement Fund:								
2009 Grant Award	100-078-6400-001	9,672	1/01/2009	Till Finished		390.00		9,375.24
2011 Grant Award	100-078-6400-001	18,662	1/01/2011	Till Finished		14,757.81		18,620.61
2013 Grant Award	100-078-6400-001	149,958	1/01/2013	Till Finished	6,479.82	4,905.28		4,905.28
Safe and Secure Communities Program	100-066-1020-232-YCJF-6120	90,000	1/01/2013	Till Finished	60,000.00	89,008.60		89,008.60
Safe Corridors:								
2012 Grant Award	HSF-2012	71,711	1/01/2012	Till Finished	71,419.47	31,322.69		71,710.89
2013 Grant Award	HSF-2013	130,131	1/01/2013	Till Finished	145,477.53	69,612.98		69,612.98
Total Law and Public Safety						209,997.36		263,233.60
Environmental Protection								
Clean Communities:								
2011	765-042-4900-004-178910	61,490	1/01/2011	Till Finished		16,256.23		61,135.64
2012	765-042-4900-004-178910	61,672	1/01/2012	Till Finished		28,783.08		60,847.51
2013	765-042-4900-004-178910	70,945	1/01/2013	Till Finished	70,945.06	19,760.69		19,760.69
Recycling Tonnage:								
2010	752-042-4900-001-178810	100,000	1/01/2010	Till Finished		24,432.43		85,165.61
2011	752-042-4900-001-178810	81,699	1/01/2011	Till Finished	74,859.28			81,698.54
2012	752-042-4900-001-178810	69,026	1/01/2012	Till Finished	145,804.34	55.64		68,970.04
Total Environmental Protection						89,288.07		377,578.03
Health								
Indirect Programs - Passed Through Ocean County Health Department:								
Alliance to Prevent Alcoholism and Drug Abuse:								
2012	100-046-4230-JJJJ-6310	50,931	1/01/2012	Till Finished	25,448.23	11,557.10		50,162.75
2013	100-046-4230-JJJJ-6310	51,262	1/01/2013	Till Finished	20,115.74	38,346.03		38,346.03
Total Health					45,563.97	49,903.13		88,508.78
Office of Homeland Security and Preparedness								
Homeland Security and Preparedness Grant	2010 NJSA CARS-E-Malls	285,000	1/01/2010	Till Finished	284,720.66	267,466.99		284,722.55
Total State Assistance					\$ 621,566.50	\$ 616,655.55		\$ 1,014,042.96

Supplementary Information

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO SCHEDULES OF EXPENDITURES OF

FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards include the grant activity of the Township of Freehold. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Expenditures, as reported on the accompanying Schedule of Expenditures of Federal and State Awards, reflect cash disbursements charged directly to a grant program.

NOTE 2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (“CFDA”) NUMBERS

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and the Office of Management and Budget’s Catalog of Federal Domestic Assistance.

NOTE 3. CONTINGENCIES

Each of the cognizant agencies reserves the right to conduct additional audits of the Township’s grant programs. Management does not believe such audits would result in material amounts of disallowed costs.

NOTE 4. RECONCILIATION OF SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE BASIC FINANCIAL STATEMENTS

In accordance with OMB Circular A-133, New Jersey OMB Circular 04-04 and industry audit guides, the Schedules of Expenditures of Federal and State Awards should be reflecting actual program activity. Therefore it is necessary to make reconciliation from the schedules to the financial statements for grants that have encumbrances but the actual activity has not yet occurred. The aforementioned reconciliation is presented below:

NOTE 4. RECONCILIATION OF SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

	<u>Total</u>
Current Fund	\$ 761,079.48
Current Fund - Expended in Previous Year	480,797.57
Grant Fund	631,985.65
General Capital Fund	<u>200,000.00</u>
	\$ <u>2,073,862.70</u>
Federal Expenditures	\$ 1,457,207.15
State Expenditures	<u>616,655.55</u>
	\$ <u>2,073,862.70</u>

TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2013

Part 1 - Summary of Auditor's Results

Financial Statement Section

- | | |
|---|--------------------------------------|
| A) Type of auditor's report issued: | <u>Unmodified - Regulatory Basis</u> |
| | |
| B) Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes <u> X </u> No |
| C) Noncompliance material to financial statements noted? | _____ Yes <u> X </u> No |

Federal Awards Section

- | | |
|---|---------------------------|
| D) Internal control over compliance: | |
| 1) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes <u> X </u> No |
| E) Type of auditor's report issued on compliance for major programs? | <u>Unmodified</u> |
| F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? | _____ Yes <u> X </u> No |

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Federal Emergency Management Agency(FEMA):
	Department of Homeland Security (DHS):
	Public Assistance Grants : Superstorm Sandy

- | | |
|---|---------------------|
| H) Dollar threshold used to distinguish between Type A and Type B programs? | <u>\$300,000.00</u> |
|---|---------------------|

- | | |
|---|---------------------------|
| I) Auditee qualified as low-risk auditee? | _____ Yes <u> X </u> No |
|---|---------------------------|

TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2013

Part 2 - Schedule of Financial Statement Findings

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

None noted.

TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2013

Part 3 - Schedule of Federal Award Findings and Questioned Costs

This Section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by OMB Circular A-133.

None noted.

TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

SECTION V

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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An audit of the financial accounts and transactions of the Township of Freehold, in the County of Monmouth, for the year ended December 31, 2013, 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, 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.

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

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township Committee of the Township of Freehold desires to establish the interest rate to be charged on all delinquent taxes and assessments, said interest to be waived within a ten (10) day period after they become due. On the eleventh day of delinquency, interest shall be calculated from the date the tax was payable until the date of actual payment.”

“NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that, pursuant to the provisions of N.J.S.A. 54:4-67, the rate of interest to be charged for the non-payment of taxes and assessments on or before the day when the same become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500 of delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. In addition, the Township will set an additional charge of six percent (6%) per annum on all delinquent accounts in excess of \$10,000, or the maximum allowed by statute, whichever is greater.”

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

Collection of Interest on Delinquent Water and Sewer Service Charges

The ordinances of the Township provide for delinquent charges on water and sewer accounts as follows:

“If any bill or part rendered for water and sewer usage or for any other charges in connection therewith is not paid before the 30th day following the bill date, the bill shall be considered delinquent and subject to interest at the prevailing rate fixed for interest for delinquent real estate taxes from the bill date until such time as the bill is paid in full ...”

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

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on December 4, 2013 and was complete except for those properties in bankruptcy.

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>
2013	22
2012	22
2011	14

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 and Regional School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for the year 2013.

Miscellaneous (Continued)

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

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards procedures should include a review of all prior year findings. There were no prior year findings that needed to be addressed in 2013.

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.
