

TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

REPORT OF AUDIT

DECEMBER 31, 2012

William E. Antonides and Company
Certified Public Accountants

2807 Hurley Pond Road
Wall, NJ 07719

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

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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, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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

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

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.
DONALD F. HILL, C.P.A., P.S.A.
CHI-LING LAI, C.P.A., P.S.A.
WAYNE M. SIBILIA, C.P.A., P.S.A.

Telecopier:
732-681-4033

e-mail:
antonidescpa@monmouth.com

Monmouth County Office:
2807 Hurley Pond Road
Suite 200
P.O. Box 1137
Wall, New Jersey 07719-1137
732-681-0980

Ocean County Office:
506 Hooper Avenue, Suite B
Toms River, New Jersey 08753-7704
732-914-0004

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements - regulatory basis of the various funds of the Township of Freehold (the "Township"), in the County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribe the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with statutory and regulatory requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, and the results of it operations for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township as of December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Other Information

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

The supplementary financial schedules, referred to in the preceding paragraph, are the responsibility of management and were derived from and 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 supplementary financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

William E. Antonides and Company

Independent Auditors

A handwritten signature in cursive script, appearing to read "William E. Antonides, Jr.", is positioned above the printed name and title.

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

Wall Township, New Jersey
July 19, 2013

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
<u>Regular Funds</u>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 28,392,872.41	\$ 25,556,710.57
Change Funds		1,350.00	1,350.00
Due from State of New Jersey (Chapter 20, P.L. 1971)		4,144.01	159.77
		<u>28,398,366.42</u>	<u>25,558,220.34</u>
Receivables with Full Reserves:			
Police Special Duty Receivable	A-4	58,775.26	43,691.20
Delinquent Property Taxes Receivable	A-6	1,533,457.09	1,334,493.28
Tax Title Liens Receivable	A-7	285,847.02	279,238.02
Property Acquired for Taxes at Assessed Value		584,150.00	584,150.00
Weed Liens Receivable		2,665.00	2,915.00
Revenue Accounts Receivable	A-8	79,517.84	117,060.72
Shared Services Agreements Receivable	A-4,8	43,974.05	
Interfund - Animal Control Trust Fund	A-13	2,667.05	9,506.44
		<u>2,591,053.31</u>	<u>2,371,054.66</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-3	350,000.00	
		<u>31,339,419.73</u>	<u>27,929,275.00</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-14	196,174.00	327,911.81
Grants Receivable	A-15	447,119.10	435,114.81
		<u>643,293.10</u>	<u>763,026.62</u>
		<u>\$ 31,982,712.83</u>	<u>\$ 28,692,301.62</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Regular Funds</u>			
Liabilities:			
Appropriation Reserves	A-3,9	\$ 2,327,000.97	\$ 1,973,721.72
Reserve for Encumbrances	A-3,9	347,800.69	540,052.26
Special Emergency Note Payable	A-4	350,000.00	
Due to State of New Jersey for Fees Collected	A-4	13,406.00	12,148.00
Due to Freehold Shopping Center	A-4	2,968.00	
Tax Overpayments	A-4,5,6	232,378.73	5,280.25
Accounts Payable		729,374.70	962,782.26
Prepaid Health Benefits	A-3,4	7,531.84	1,999.43
Prepaid Fees and Permits	A-4,8	2,401.00	22,185.00
Prepaid State Aid	A-4,8	18,206.00	18,206.00
Prepaid Taxes	A-5,6	615,197.45	536,273.28
Due County for Added and Omitted Taxes	A-10	127,968.95	59,379.80
Local District School Tax Payable	A-11	3,156,819.02	2,800,495.52
Regional High School Tax Payable	A-12	12,187,155.09	11,919,362.70

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Regular Funds</u>			
Liabilities:			
Reserve for:			
Historical Preservation		\$ 3,274.00	\$ 3,274.00
Taxes Collected on Appeal	A-3,4	322,842.82	253,014.53
Reassessment	A-3,4	260,000.00	
Sale of Liquor License	A-4	1,511,111.00	
Interfunds:			
Other Trust Fund	A-13	514,418.00	
General Capital Fund	A-13	80,000.00	
Water-Sewer Utility Operating Fund	A-13	13,102.83	
Water-Sewer Utility Capital Fund	A-13	31,100.00	
Grant Fund	A-14	196,174.00	327,911.81
		<u>23,050,231.09</u>	<u>19,436,086.56</u>
Reserve for Receivables and Other Assets		2,591,053.31	2,371,054.66
Fund Balance	A-1	5,698,135.33	6,122,133.78
		<u>31,339,419.73</u>	<u>27,929,275.00</u>
<u>Grant Fund</u>			
Interfunds:			
Other Trust Fund	A-16	312.00	
Water-Sewer Utility Operating Fund	A-16	35,000.00	
Reserve for Encumbrances	A-16	269,052.19	94,987.84
Appropriated Reserves	A-16	324,571.51	668,038.78
Unappropriated Reserves	A-17	14,357.40	
		<u>643,293.10</u>	<u>763,026.62</u>
		<u>\$ 31,982,712.83</u>	<u>\$ 28,692,301.62</u>

There were deferred school taxes on December 31, 2012 and 2011 of \$25,566,589 (Schedule A-11).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 4,955,554.00	\$ 6,481,576.00
Miscellaneous Revenue Anticipated	A-2	14,195,365.64	14,544,567.23
Receipts from Delinquent Taxes	A-2	1,329,653.80	1,084,855.64
Receipts from Current Taxes	A-2	123,852,099.31	121,633,336.71
Non-Budget Revenues	A-2	1,139,605.95	1,638,404.35
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	1,820,425.17	1,273,483.67
Statutory Excess in Dog License Trust	A-13	2,655.31	9,475.60
Interfunds Liquidated		6,839.39	5,975.70
Cancel Appropriated Grant Reserve	A-14	1,406.32	3,074.52
Cancel Due to Freehold Shopping Center			22,050.00
Accounts Payable Cancelled		228,892.61	
Total Income		<u>147,532,497.50</u>	<u>146,696,799.42</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		14,161,200.64	14,384,350.00
Other Expenses		12,277,189.00	11,437,188.74
Capital Improvements		150,000.00	550,000.00
Deferred Charges and Statutory Expenditures		3,601,522.00	4,134,457.00
Municipal Debt Service		5,176,664.32	4,899,195.58
Transferred to Board of Education		951,978.00	957,796.00
Budget Totals	A-3	<u>36,318,553.96</u>	<u>36,362,987.32</u>
Refund of Prior Year Revenue	A-4	84.25	
Municipal Open Space Tax	A-4,6	1,834,451.16	1,847,756.01
Special District Taxes - Fire	A-4,6	1,943,428.00	1,947,719.00
County Taxes	A-10	17,904,291.30	17,868,158.08
Due County for Added and Omitted Taxes	A-10	127,968.95	59,379.80
Local District School Taxes	A-11	60,085,654.00	58,706,898.00
Regional School District Taxes	A-12	25,111,866.09	24,550,632.70
Cancel Grant Receivable	A-14	2,810.18	3,074.52
Reserve for Receivables:			
Police Special Duty Receivable		15,084.06	10,461.70
Tax Appeals Granted			302,197.95
Prior Year Deductions Disallowed		6,750.00	7,255.48
Total Expenditures		<u>143,350,941.95</u>	<u>141,666,520.56</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess in Revenue		\$ 4,181,555.55	\$ 5,030,278.86
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>4,531,555.55</u>	<u>5,030,278.86</u>
Fund Balance January 1	A	<u>6,122,133.78</u>	<u>7,573,430.92</u>
		<u>10,653,689.33</u>	<u>12,603,709.78</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,955,554.00</u>	<u>6,481,576.00</u>
Fund Balance December 31	A	<u><u>\$ 5,698,135.33</u></u>	<u><u>\$ 6,122,133.78</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-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Ref.	Budget	Anticipated	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	A-1	\$ 4,955,554.00	\$	\$	\$ 4,955,554.00	\$
Fund Balance Anticipated						
Miscellaneous Revenues						
Licenses:						
Alcoholic Beverages	A-8	40,000.00			46,188.00	6,188.00
Other	A-8	65,000.00			100,426.00	35,426.00
Fees and Permits:						
Construction Code Official	A-8	750,000.00			831,232.00	81,232.00
Other	A-8	214,000.00			287,048.02	73,048.02
Fines and Costs:						
Municipal Court	A-8	1,150,000.00			1,237,709.51	87,709.51
Interest and Costs on Taxes	A-5	210,000.00			291,176.18	81,176.18
Interest on Investments and Deposits	A-8	169,000.00			436,197.99	267,197.99
Cable Television Franchise Fees	A-8	189,938.00			189,938.00	
Verizon Franchise Fees	A-8	113,571.54			113,571.54	
State Aid:						
Energy Receipts Tax	A-8	7,418,109.00			7,418,109.00	
Garden State Trust Pilot	A-8	18,206.00			18,206.00	
Special Items:						
State Grants:						
Alcohol Education and Rehabilitation Act	A-14			161.89	161.89	
Alliance to Prevent Alcoholism and Drug Abuse	A-14	40,745.00			40,745.00	
Clean Communities Program	A-14	61,671.73			61,671.73	
Drunk Driving Enforcement Fund	A-14			18,661.64	18,661.64	
NJ OEM Performance Grant	A-14	14,844.62			14,844.62	
Recycling Tonnage Grant	A-14			69,025.68	69,025.68	
Safe and Secure Communities Program	A-14	60,000.00			60,000.00	
Safe Corridors	A-14			71,710.89	71,710.89	
Other:						
Ruigers Quality Improvement Program Grant	A-14	2,500.00			2,500.00	
Federal Grants:						
Bulletproof Vests	A-14			11,723.50	11,723.50	
Click It or Ticket	A-14	4,000.00			4,000.00	
Uniform Fire Safety Act	A-8	73,980.92			75,513.36	1,532.44

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		Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
		Budget				
Other Special Items:						
Shared Services Agreements:						
Board of Health	A-8	\$ 128,434.00		\$	\$ 137,691.16	\$ 9,257.16
Board of Health - Lead Inspector	A-8	3,500.00			3,355.64	(144.36)
Bureau of Fire Prevention	A-8	3,500.00			1,005.00	(2,495.00)
Equipment Maintenance	A-8	50,000.00			65,375.00	15,375.00
Fuel Oil	A-8	307,000.00			311,974.20	4,974.20
Information Technology	A-8	82,000.00			101,731.50	19,731.50
Police Services	A-8	9,000.00			8,443.70	(556.30)
Hotel/Motel Tax	A-8	100,000.00			131,998.52	31,998.52
Open Space - Debt Service	A-8	1,610,691.83			1,610,691.83	
Open Space - Park Maintenance	A-8	224,000.00			224,000.00	
Payments in Lieu of Taxes	A-8	75,000.00			88,552.54	13,552.54
Reserve for Detention Basin	A-8	100,000.00			100,000.00	
Reserve for Municipal Alliance	A-8	10,186.00			10,186.00	
Total Miscellaneous Revenues	A-1	<u>13,298,878.64</u>		<u>171,283.60</u>	<u>14,195,365.64</u>	<u>725,203.40</u>
Receipts from Delinquent Taxes	A-1,2	1,250,000.00			1,329,653.80	79,653.80
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	17,947,679.69			18,494,746.38	547,066.69
Budget Totals	A-1,2	37,452,112.33		171,283.60	38,975,319.82	1,351,923.89
Non-Budget Revenues					1,139,605.95	1,139,605.95
		<u>\$ 37,452,112.33</u>		<u>\$ 171,283.60</u>	<u>\$ 40,114,925.77</u>	<u>\$ 2,491,529.84</u>
Ref.		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-1,6	\$ 123,852,099.31
Allocated to School, County and Special District Taxes	A-6	107,007,659.50
Balance for Support of Municipal Budget Appropriations		<u>16,844,439.81</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,650,306.57</u>
Amount for Support of Municipal Appropriations	A-2	<u>\$ 18,494,746.38</u>
<u>Delinquent Taxes</u>		
Taxes Receivable	A-6	\$ 1,318,606.63
Tax Title Liens	A-7	<u>11,047.17</u>
	A-2	<u>\$ 1,329,653.80</u>
<u>Analysis of Non-Budget Revenue</u>		
Board of Adjustment		\$ 5,192.00
Cell Tower Lease		60,042.93
FEMA Reimbursement		179,163.00
Fire Bureau		86,996.00
Housing Fees		189,498.88
Impound Yard Fees		17,361.25
Miscellaneous		149,478.11
MVC Inspection Fees		8,402.50
Planning Board		19,414.00
Police Department		18,736.35
Police Special Duty		145,333.55
Recycling		59,987.38
Sale of Liquor License		<u>200,000.00</u>
	A-2	<u>\$ 1,139,605.95</u>
<u>Source of Miscellaneous Revenue not Anticipated</u>		
Receipts	A-4	\$ 1,135,893.78
Interfunds	A-13	97.17
Weed Lien Received	A-5	<u>3,615.00</u>
	A-2	<u>\$ 1,139,605.95</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-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	\$ 219,000.00	\$ 219,000.00	\$ 209,644.24	\$ 9,355.76	\$	
Other Expenses	6,000.00	6,000.00	3,756.09	2,243.91		
Public Information Office						
Salaries and Wages	31,000.00	31,000.00	30,310.97	689.03		
Other Expenses	8,075.00	8,075.00	804.98	7,270.02		
Purchasing Department						
Salaries and Wages	34,000.00	35,100.00	35,098.37	1.63		
Other Expenses	31,600.00	31,600.00	26,864.43	4,735.57		
Human Resources						
Salaries and Wages	42,000.00	43,650.00	43,637.07	12.93		
Other Expenses	14,500.00	14,500.00	8,196.40	6,303.60		
Mayor and Township Committee						
Salaries and Wages	46,000.00	46,000.00	45,399.84	600.16		
Other Expenses	22,800.00	22,800.00	22,795.57	4.43		
Municipal Clerk						
Salaries and Wages	161,000.00	161,000.00	155,043.45	5,956.55		
Other Expenses	99,550.00	99,550.00	79,287.72	20,262.28		
Elections						
Salaries and Wages	1,000.00	1,009.00	1,008.30	.70		
Other Expenses	16,500.00	16,491.00	8,544.44	7,946.56		
Financial Administration						
Salaries and Wages	174,000.00	165,650.00	160,718.66	4,931.34		
Other Expenses	36,600.00	36,600.00	35,084.75	1,515.25		
Audit	34,500.00	34,500.00	30,750.00	3,750.00		
Information Technology						
Salaries and Wages	161,000.00	162,780.00	162,776.77	3.23		
Other Expenses	107,000.00	105,220.00	82,495.78	22,724.22		

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		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Revenue Administration (Collection of Taxes)						
Salaries and Wages	\$ 76,000.00	\$ 76,000.00	\$ 75,460.31	\$ 539.69	\$	
Other Expenses	17,800.00	17,800.00	15,860.54	1,939.46		
Assessment of Taxes						
Salaries and Wages	164,000.00	138,394.00	131,342.79	7,051.21		
Other Expenses	115,650.00	115,650.00	94,809.27	20,840.73		
Reassessment of Real Property						
Cost of Tax Appeals	125,000.00	125,000.00	125,000.00			
Legal Services and Costs						
Other Expenses	425,000.00	389,924.10	174,617.64	215,306.46		
Affordable Housing Services and Costs						
Other Expenses	85,000.00	85,000.00	56,102.31	28,897.69		
Engineering Services and Costs						
Salaries and Wages	298,000.00	298,000.00	281,344.02	16,655.98		
Other Expenses	9,350.00	9,350.00	9,204.44	145.56		
Historical Preservation						
Other Expenses	2,000.00	2,000.00	1,688.00	312.00		
Municipal Land Use Law Planning Board						
Salaries and Wages	30,000.00	30,000.00	29,492.22	507.78		
Other Expenses	32,000.00	38,200.00	33,975.35	4,224.65		
Board of Adjustment						
Salaries and Wages	30,000.00	30,000.00	29,492.21	507.79		
Other Expenses	19,200.00	13,000.00	4,785.50	8,214.50		
Insurance						
Group Insurance	4,810,000.00	4,810,000.00	4,745,839.27	64,160.73		
Other Insurance	222,741.00	225,216.90	224,374.26	842.64		
Workmen's Compensation	498,554.30	498,554.30	498,536.10	18.20		
Health Benefit Waiver						
Code Enforcement - Other	63,450.00	65,050.00	65,050.00			
Salaries and Wages	50,000.00	50,606.00	50,605.27	.73		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 3 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Public Safety</u>					
Police					
Salaries and Wages	\$ 8,165,000.00	\$ 8,165,000.00	\$ 7,771,649.09	\$ 393,350.91	\$
Other Expenses	208,700.00	208,700.00	159,307.43	49,392.57	
M.C.I.A. Lease	85,095.00	85,095.00	85,095.00		
Office of Emergency Management					
Salaries and Wages	10,000.00	10,000.00	9,493.79	506.21	
Other Expenses	500.00	500.00		500.00	
First Aid Organization - Contribution	50,000.00	50,000.00	50,000.00		
Bureau of Fire Protection					
Salaries and Wages	15,000.00	19,375.00	17,310.28	2,064.72	
Other Expenses	6,300.00	5,425.00	4,240.00	1,185.00	
Uniform Fire Safety Act					
Salaries and Wages	72,000.00	68,500.00	62,287.74	6,212.26	
Municipal Prosecutor					
Salaries and Wages	62,000.00	62,000.00	61,669.85	330.15	
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages	973,000.00	973,000.00	947,361.94	25,638.06	
Other Expenses	400,750.00	400,750.00	307,715.51	93,034.49	
Snow Removal					
Salaries and Wages	125,000.00	125,000.00	29,842.62	95,157.38	
Other Expenses	225,000.00	225,000.00	75,246.64	149,753.36	
Shade Tree Commission					
Salaries and Wages	99,000.00	99,100.00	99,098.27	1.73	
Other Expenses	22,250.00	22,150.00	3,737.70	18,412.30	
Recycling					
Salaries and Wages	88,000.00	88,000.00	86,246.21	1,753.79	
Other Expenses	371,750.00	371,750.00	261,571.52	110,178.48	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 4 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget	Paid or Charged		Paid or Charged	Reserved	
Public Buildings and Grounds						
Salaries and Wages	\$ 302,000.00	\$	302,000.00	\$ 299,165.06	\$ 2,834.94	\$
Other Expenses	97,000.00		97,000.00	67,614.51	29,385.49	
Equipment Maintenance and Repair						
Salaries and Wages	428,000.00		428,000.00	401,001.71	26,998.29	
Other Expenses	360,750.00		360,750.00	293,205.17	67,544.83	
Condominium Services Act						
Other Expenses	115,000.00		90,000.00	73,052.74	16,947.26	
<u>Health and Welfare</u>						
Board of Health						
Salaries and Wages	300,000.00		300,000.00	297,908.35	2,091.65	
Other Expenses	91,243.00		91,243.00	86,734.28	4,508.72	
Animal Control						
Other Expenses	53,381.00		53,381.00	53,381.00		
Environmental Commission						
Other Expenses	400.00		400.00	340.00	60.00	
<u>Recreation and Education</u>						
Board of Recreation Commissioners						
Salaries and Wages	607,000.00		682,000.00	662,359.96	19,640.04	
Other Expenses	148,200.00		148,200.00	140,520.63	7,679.37	
Senior Center						
Salaries and Wages	117,000.00		93,000.00	90,483.41	2,516.59	
Other Expenses	18,000.00		18,000.00	17,717.06	282.94	
<u>Municipal Court</u>						
Municipal Court						
Salaries and Wages	354,000.00		354,000.00	347,188.99	6,811.01	
Other Expenses	20,217.00		20,217.00	14,746.32	5,470.68	
Public Defender						
Other Expenses	5,000.00		5,000.00	5,000.00		

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

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Uniform Construction Code					
State Uniform Construction Code Official					
Salaries and Wages	\$ 532,000.00	\$ 533,325.00	\$ 532,754.74	\$ 570.26	\$
Other Expenses	30,000.00	28,675.00	17,877.84	10,797.16	
Unclassified					
Utilities					
Electricity	325,000.00	325,000.00	213,890.06	111,109.94	
Street Lighting	425,000.00	425,000.00	271,187.43	153,812.57	
Telephone	105,000.00	105,000.00	70,435.07	34,564.93	
Natural Gas	105,000.00	105,000.00	60,098.47	44,901.53	
Water and Sewer	87,000.00	87,000.00	47,032.68	39,967.32	
Fuel Oil and Gasoline	525,000.00	525,000.00	431,246.13	93,753.87	
Total Operations within Caps	24,450,406.30	24,764,806.30	22,666,612.53	2,098,193.77	
Contingent	1.00	1.00		1.00	
Total Operations (Including Contingent) within Caps	24,450,407.30	24,764,807.30	22,666,612.53	2,098,194.77	
Detail:					
Salaries and Wages	13,829,450.00	13,855,539.00	13,222,246.50	633,292.50	
Other Expenses	10,620,957.30	10,909,268.30	9,444,366.03	1,464,902.27	
STATUTORY EXPENDITURES WITHIN CAPS					
Contribution to:					
Public Employees Retirement System	761,801.00	761,801.00	760,398.56	1,402.44	
Social Security System (O.A.S.I.)	1,000,000.00	1,035,000.00	959,797.90	75,202.10	
Police and Firemen's Retirement System of NJ	1,718,621.00	1,718,621.00	1,718,621.00		
Unemployment Compensation Insurance	50,000.00	50,000.00		50,000.00	
Defined Contribution Retirement Program	500.00	1,100.00	943.13	156.87	
Sick Leave Trust Account	35,000.00	35,000.00		35,000.00	
Total Statutory Expenditures within Caps	3,565,922.00	3,601,522.00	3,439,760.59	161,761.41	
Total Appropriations within Caps	28,016,329.30	28,366,329.30	26,106,373.12	2,259,956.18	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 6 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Insurance	\$ 290,000.00	\$ 290,000.00	\$ 290,000.00	\$	\$
Employee Group Health					
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	3,500.00	3,500.00	3,500.00		
Salaries and Wages					
Board of Health	94,000.00	94,000.00	93,092.39	907.61	
Salaries and Wages	3,500.00	3,500.00		3,500.00	
Lead Inspector - Long Branch	34,434.00	34,434.00	24,350.00	10,084.00	
Other Expenses					
Road Repair and Maintenance					
Fuel Oil	307,000.00	307,000.00	283,076.80	23,923.20	
Other Expenses					
Equipment Maintenance	50,000.00	50,000.00	50,000.00		
Other Expenses					
Police Special Services	9,000.00	9,000.00	7,081.75	1,918.25	
Salaries and Wages					
Information Technology	82,000.00	82,000.00	80,788.27	1,211.73	
Salaries and Wages					
Dispatch Services					
County of Monmouth	369,165.39	369,165.39	369,165.39		
Other Expenses					
<u>Public and Private Programs Offset by Revenues</u>					
State Grants:					
Alcohol Education and Rehabilitation Act		161.89	161.89		
Alliance to Prevent Alcoholism and Drug Abuse:					
State Share	40,745.00	40,745.00	40,745.00		
Local Share	10,186.00	10,186.00	10,186.00		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 7 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
State Grants:						
Body Armor Fund			\$	61,671.73	\$	\$
Clean Communities Program				18,661.64		
Drunk Driving Enforcement Fund				14,844.62		
NJ OEM Performance Grant				69,025.68		
Recycling Tonnage Grant						
Safe and Secure Communities Program:						
State Share	60,000.00	60,000.00		60,000.00		
Local Share	31,000.00	31,000.00		31,000.00		
Safe Corridors		71,710.89		71,710.89		
Other:						
Rutgers Quality Improvement Program Grant	2,500.00	2,500.00		2,500.00		
Federal Grants:						
Bulletproof Vests	4,000.00	11,723.50		11,723.50		
Click It or Ticket		4,000.00		4,000.00		
Total Operations excluded from Caps	<u>1,502,298.74</u>	<u>1,673,582.34</u>		<u>1,606,537.55</u>		<u>67,044.79</u>
Detail:						
Salaries and Wages	287,000.00	305,661.64		298,124.05		7,537.59
Other Expenses	<u>1,215,298.74</u>	<u>1,367,920.70</u>		<u>1,308,413.50</u>		<u>59,507.20</u>
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>						
Capital Improvement Fund	150,000.00	150,000.00		150,000.00		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	2,655,000.00	2,655,000.00		2,655,000.00		4,380.88
Payment of Bond Anticipation and Capital Notes	485,000.00	485,000.00		485,000.00		.01
Interest on Bonds	789,695.00	789,695.00		785,314.12		.08
Interest on Notes	120,000.00	120,000.00		119,999.99		
Green Trust Loan Program	448,089.00	448,089.00		448,088.92		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

Sheet 8 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
M.C.I.A. Bond Principal	\$ 322,000.00	\$ 322,000.00	\$ 322,000.00		\$ 112.32
M.C.I.A. Bond Interest	242,353.00	242,353.00	242,240.68		41.65
M.C.I.A. Lease Principal	107,842.41	107,842.41	107,800.76		.46
M.C.I.A. Lease Interest	11,220.31	11,220.31	11,219.85		
Total Municipal Debt Service excluded from Caps	<u>5,181,199.72</u>	<u>5,181,199.72</u>	<u>5,176,664.32</u>		<u>4,535.40</u>
<u>TRANSFERRED TO BOARD OF EDUCATION</u>					
Board of Education	951,978.00	951,978.00	951,978.00		
Total General Appropriations excluded from Caps	<u>7,785,476.46</u>	<u>7,956,760.06</u>	<u>7,885,179.87</u>	<u>67,044.79</u>	<u>4,535.40</u>
Subtotal General Appropriations	<u>35,801,805.76</u>	<u>36,323,089.36</u>	<u>33,991,552.99</u>	<u>2,327,000.97</u>	<u>4,535.40</u>
Reserve for Uncollected Taxes	1,650,306.57	1,650,306.57	1,650,306.57		
Total General Appropriations	<u>\$ 37,452,112.33</u>	<u>\$ 37,973,395.93</u>	<u>\$ 35,641,859.56</u>	<u>\$ 2,327,000.97</u>	<u>\$ 4,535.40</u>
 				A	
Budget		\$ 37,452,112.33			
Added by N.J.S. 40A:4-87		171,283.60			
Special Emergency N.J.S. 40A:4-53		<u>350,000.00</u>			
		<u>\$ 37,973,395.93</u>			
Disbursements			\$ 32,774,520.78		
Reserve for:					
Encumbrances			347,800.69		
Reassessment			350,000.00		
Tax Appeals			125,000.00		
Uncollected Taxes			1,650,306.57		
Prepaid Health Premiums			(1,999.43)		
Interfund - Grant Fund			<u>396,230.95</u>		
			<u>\$ 35,641,859.56</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 59,591.25	\$ 59,785.64
<u>Other Trust Fund</u>			
Cash	B-1	6,776,925.68	7,480,259.18
Shade Tree Receivable		38,785.00	38,785.00
Due from Municipal Court		1,771.50	
Interfunds:			
Current Fund	B-5	514,418.00	
Grant Fund	B-5	312.00	
		<u>7,332,212.18</u>	<u>7,519,044.18</u>
		\$ <u>7,391,803.43</u>	\$ <u>7,578,829.82</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Licenses	B-1,3	\$ 14,043.40	\$ 13,202.40
Due State of New Jersey	B-2	4.20	659.40
Reserve for Animal Control Trust Fund	B-3	42,876.60	36,417.40
Interfund - Current Fund	B-4	2,667.05	9,506.44
		<u>59,591.25</u>	<u>59,785.64</u>
<u>Other Trust Fund</u>			
Miscellaneous Reserves	B-5	7,293,427.18	7,480,259.18
Reserve for Receivable		38,785.00	38,785.00
		<u>7,332,212.18</u>	<u>7,519,044.18</u>
		\$ <u>7,391,803.43</u>	\$ <u>7,578,829.82</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 5,873,467.86	\$ 5,797,253.75
Grants Receivable		346,934.04	450,000.00
Loan Receivable		311,890.39	314,872.12
Interfund - Current Fund	C-8	80,000.00	
Accounts Receivable			
Offset with Reserves		68,000.00	85,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	24,581,554.11	27,860,872.57
Unfunded	C-5	29,969,267.89	23,222,712.89
Capital Lease		864,500.00	1,053,900.00
		<u>\$ 62,095,614.29</u>	<u>\$ 58,784,611.33</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 21,834,000.00	\$ 24,726,000.00
Green Trust Loan	C-7	2,747,554.11	3,134,872.57
Bond Anticipation Notes	C-8	10,229,000.00	8,000,000.00
Improvement Authorizations:			
Funded	C-9	276,236.93	489,990.59
Unfunded	C-9	22,926,982.46	18,493,293.15
Capital Improvement Fund	C-10	1,071,335.54	1,269,780.54
Down Payments on Improvements	C-11	95,737.00	95,737.00
M.C.I.A. Lease Payable	C-12	864,500.00	1,053,900.00
Reserve for:			
Debt Service	C-2	651,090.36	175,000.00
Historical Preservation		15,590.20	15,590.20
Improvements		21,376.00	21,376.00
Reserve for Receivables:			
Accounts Receivables		68,000.00	85,000.00
Loans Receivable		311,890.39	314,872.12
Fund Balance	C-1	982,321.30	909,199.16
		<u>\$ 62,095,614.29</u>	<u>\$ 58,784,611.33</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$19,740,267.89 and \$15,222,712.89, 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, 2011	<u>Ref.</u> C		\$ 909,199.16
Increased by:			
Receipts:			
Premium on Sale of Notes	C-2	\$ 53,140.41	
Accounts Receivable with Reserve Realized	C-2	<u>19,981.73</u>	
			<u>73,122.14</u>
Balance December 31, 2012	C		<u>\$ 982,321.30</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-6	\$ 6,094,087.16	\$ 5,113,478.84
Cash - Change Fund		100.00	100.00
		<u>6,094,187.16</u>	<u>5,113,578.84</u>
Receivables with Full Reserves:			
Water Charges Receivable	D-9	198,005.51	190,489.19
Other Charges Receivable			1,780.00
Sewer Charges Receivable	D-10	291,039.12	261,236.22
		<u>489,044.63</u>	<u>453,505.41</u>
Interfunds:			
Current Fund		13,102.83	
Grant Fund		35,000.00	
Water-Sewer Utility Assessment Fund		80,054.91	
		<u>617,202.37</u>	<u>453,505.41</u>
Total Operating Fund		<u>6,711,389.53</u>	<u>5,567,084.25</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	D-6	519,080.21	362,471.96
Assessments Receivable	D-11	209,613.67	290,934.20
Total Assessment Trust Fund		<u>728,693.88</u>	<u>653,406.16</u>
Capital Fund:			
Cash and Cash Equivalents	D-6	2,074,032.58	2,659,775.48
Accounts Receivable	D-12	49,768.00	87,962.92
Fixed Capital	D-13	43,523,954.06	43,478,954.06
Fixed Capital Authorized and Uncompleted	D-14	18,075,000.00	17,375,000.00
Interfunds:			
Current Fund		31,100.00	
Water-Sewer Utility Operating Fund		80,054.91	
Total Capital Fund		<u>63,833,909.55</u>	<u>63,601,692.46</u>
		<u>\$ 71,273,992.96</u>	<u>\$ 69,822,182.87</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Operating Fund:			
Appropriation Reserves	D-5,15	\$ 1,216,749.81	\$ 1,337,527.64
Reserve for Encumbrances	D-5,15	98,673.56	46,148.97
Accounts Payable			52,981.59
Interfund - Water-Sewer Utility Capital Fund		80,054.91	
Prepaid Water-Sewer Rents	D-6,9,10	12,985.63	9,162.83
Accrued Interest on Bonds and Notes	D-16	71,405.58	84,080.67
		<u>1,479,869.49</u>	<u>1,529,901.70</u>
Reserve for Receivables		489,044.63	453,505.41
Operating Fund Balance	D-3	4,742,475.41	3,583,677.14
Total Operating Fund		<u>6,711,389.53</u>	<u>5,567,084.25</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	D-17	195,728.92	117,298.70
Serial Bonds	D-22	265,000.00	415,000.00
Interfund - Water-Sewer Utility Operating Fund		80,054.91	
Fund Balance	D-2	187,910.05	121,107.46
Total Assessment Trust Fund		<u>728,693.88</u>	<u>653,406.16</u>
Capital Fund:			
Improvement Authorizations:			
Funded	D-18	101,766.08	93,674.90
Unfunded	D-18	5,110,763.56	5,097,363.11
Capital Improvement Fund	D-19	287,195.00	320,595.00
Reserve for Amortization	D-20	42,383,674.74	41,348,674.74
Deferred Reserve for Amortization	D-21	2,862,698.65	2,798,198.65
Serial Bonds	D-23	9,040,000.00	10,030,000.00
Bond Anticipation Notes	D-24	2,899,000.00	2,600,000.00
Reserve for Infrastructure Contribution		64,810.80	64,810.80
Reserve for Accounts Receivable		49,768.00	87,962.92
Fund Balance	D-1	1,034,232.72	1,160,412.34
Total Capital Fund		<u>63,833,909.55</u>	<u>63,601,692.46</u>
		<u>\$ 71,273,992.96</u>	<u>\$ 69,822,182.87</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$4,413,580.67 and \$4,222,313.48 respectively (Exhibit D-25).

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

Balance December 31, 2011	<u>Ref.</u> D		\$ 1,160,412.34
Increased by:			
Reserve for Receivable Realized		\$ 3,994.92	
Premium on Sale of Notes	D-6	<u>15,058.27</u>	
			<u>19,053.19</u>
			<u>1,179,465.53</u>
Decreased by:			
Anticipated as Revenue in Utility Operating	D-6		<u>145,232.81</u>
Balance December 31, 2012	D		<u>\$ 1,034,232.72</u>

WATER-SEWER UTILITY ASSESSMENT FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

Balance December 31, 2011	<u>Ref.</u> D		\$ 121,107.46
Increased by:			
Collection of Unpledged Assessments	D-17		<u>66,802.59</u>
Balance December 31, 2012	D		<u>\$ 187,910.05</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

STATEMENT OF OPERATIONS AND CHANGE FUND IN BALANCE

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-4	\$ 2,185,512.00	\$ 2,460,798.00
Rents:			
Water Charges	D-4	3,929,907.33	3,000,000.00
Sewer Charges	D-4	7,109,326.56	6,000,000.00
Miscellaneous:			
Fire Hydrant Service	D-4	186,977.64	170,238.09
Water Connection Fees	D-4	245,858.34	234,085.93
Sewer Connection Fees	D-4	166,158.02	116,090.83
Interest on Deposits	D-4	143,808.66	56,044.08
Miscellaneous Revenue Anticipated	D-4	128,025.43	313,230.38
Utility Capital Fund - Fund Balance	D-4	145,232.81	
Licensed Operator Internship Grant			35,000.00
Increased Fees:			
Water Rents			694,483.04
Sewer Rents			577,876.65
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	1,138,552.46	1,479,129.04
Accounts Payable Cancelled		52,981.59	
Total Income		<u>15,432,340.84</u>	<u>15,136,976.04</u>
<u>Budget and Other Expenditures</u>			
Budget:			
Operating		10,231,974.00	10,359,850.00
Debt Service		1,496,823.76	1,869,942.40
Deferred Charges		145,232.81	
Statutory Expenditures		214,000.00	210,500.00
	D-5	<u>12,088,030.57</u>	<u>12,440,292.40</u>
Excess in Revenues		3,344,310.27	2,696,683.64
Fund Balance January 1	D	<u>3,583,677.14</u>	<u>3,347,791.50</u>
		<u>6,927,987.41</u>	<u>6,044,475.14</u>
Decreased by:			
Utilization by:			
Water-Sewer Operating Budget	D-3	<u>2,185,512.00</u>	<u>2,460,798.00</u>
Fund Balance December 31	D	<u>\$ 4,742,475.41</u>	<u>\$ 3,583,677.14</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

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-3	\$ 2,185,512.00	\$ 2,185,512.00	\$
Water Rents	D-3,9	3,250,000.00	3,929,907.33	679,907.33
Sewer Rents	D-3.10	6,300,000.00	7,109,326.56	809,326.56
Miscellaneous:				
Water Connection Fees	D-3,6	25,000.00	245,858.34	220,858.34
Sewer Connection Fees	D-3,6	25,000.00	166,158.02	141,158.02
Interest on Investments	D-3,6	25,000.00	143,808.66	118,808.66
Fire Hydrant Service	D-3,9	120,000.00	186,977.64	66,977.64
Miscellaneous Other	D-3,4	30,000.00	128,025.43	98,025.43
Utility Capital Fund - Fund Balance	D-3,6	<u>225,287.72</u>	<u>145,232.81</u>	<u>(80,054.91)</u>
		<u>\$ 12,185,799.72</u>	<u>\$ 14,240,806.79</u>	<u>\$ 2,055,007.07</u>
<u>Analysis of Miscellaneous Other</u>				
Interest on Delinquent Accounts			\$ 27,974.23	
Meter Installation			3,746.76	
Disconnect Fees			4,881.50	
NSF Check Fees			1,395.66	
Miscellaneous Other			<u>90,027.28</u>	
	D-4,6		<u>\$ 128,025.43</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	\$ 1,381,000.00	\$ 1,381,000.00	\$ 1,295,210.57	\$ 85,789.43	\$
Other Expenses	8,850,974.00	8,850,974.00	7,725,630.54	1,125,343.46	
Licensed Operator Internship Grant					
Debt Service					
Payment of Bond Principal	1,015,000.00	1,015,000.00	1,015,000.00		
Payment of Bond Anticipation Notes	31,100.00	31,100.00	31,100.00		
Interest on Bonds	429,438.00	429,438.00	411,994.71		17,443.29
Interest on Notes	39,000.00	39,000.00	38,729.05		270.95
Deferred Charges					
Deferred Charge - Unfunded Ordinances	225,287.72	225,287.72	145,232.81		80,054.91
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	108,000.00	108,000.00	108,000.00		
Social Security System (O.A.S.I.)	106,000.00	106,000.00	100,383.08	5,616.92	
	<u>\$ 12,185,799.72</u>	<u>\$ 12,185,799.72</u>	<u>\$ 10,871,280.76</u>	<u>\$ 1,216,749.81</u>	<u>\$ 97,769.15</u>
	D-4	D-3	D	D-3	
Reserve for Encumbrances			\$ 98,673.56		
Disbursements			10,321,883.44		
Accrued Interest on Bonds and Notes			450,723.76		
			<u>\$ 10,871,280.76</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

REGULATORY BASIS

STATEMENT OF GENERAL FIXED ASSETS

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 109,444,000.00	\$ 109,444,000.00
Buildings and Improvements	12,122,300.00	12,122,300.00
Equipment	3,522,772.04	3,575,878.13
Motor Vehicles and Equipment	<u>8,083,192.46</u>	<u>8,825,672.44</u>
	<u>\$ 133,172,264.50</u>	<u>\$ 133,967,850.57</u>
Investment in General Fixed Assets	<u>\$ 133,172,264.50</u>	<u>\$ 133,967,850.57</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

BALANCE SHEET - PAYROLL FUND

Exhibit G

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ <u>141,969.88</u>	\$ <u>140,657.24</u>
<u>Liabilities</u>		
Due to Various Agencies	\$ <u>141,969.88</u>	\$ <u>140,657.24</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, 2012

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 2012.

B. Descriptions of Funds

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

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

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

Animal Control Trust Fund - 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, 2012 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, 2012 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 2012 and 2011 the following changes occurred in the fixed assets of the Township:

	Balance Jan. 1, 2012	Expended from		Less: Disposals	Transfers	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></u>	<u>1,717,783</u>	<u></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	17,375,000		700,000			18,075,000
	<u>60,853,954</u>	<u></u>	<u>745,000</u>	<u></u>	<u></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>\$</u>	<u>\$ 194,771,219</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	Balance Jan. 1, 2011	Expended from		Less: Disposals	Balance Dec. 31, 2011
		Current/ Capital Funds	Utility Fund		
General Fixed Assets Account Group:					
Land	\$ 106,660,000	\$ 2,784,000	\$	\$	\$ 109,444,000
Buildings and Improvements	12,027,300	95,000			12,122,300
Equipment	3,478,655	118,627		21,404	3,575,878
Motor Vehicles and Equipment	8,581,398	434,231		189,956	8,825,673
	<u>130,747,353</u>	<u>3,431,858</u>	<u> </u>	<u>211,360</u>	<u>133,967,851</u>
Water-Sewer Utility Capital Fund:					
Fixed Capital	43,478,954				43,478,954
Fixed Capital Authorized and Uncompleted	17,113,000		262,000		17,375,000
	<u>60,591,954</u>	<u> </u>	<u>262,000</u>	<u> </u>	<u>60,853,954</u>
	<u>\$ 191,339,307</u>	<u>\$ 3,431,858</u>	<u>\$ 262,000</u>	<u>\$ 211,360</u>	<u>\$ 194,821,805</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 \$32,561,830 and the bank balance amount was \$32,762,985. 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 the remaining \$30,848,904. An amount of \$1,414,081 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 of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);

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 \$17,521,417.

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.

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 500,000	\$ 500,000
GUDPA	30,848,904	28,735,902
Uninsured	17,521,417	16,941,526
Escrow Deposits	<u>1,414,081</u>	<u>1,556,861</u>
	\$ <u>50,284,402</u>	\$ <u>47,734,289</u>

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund

3.00% to 4.00% General Improvement Bonds Issued October 14, 2004, installment maturities to October 1, 2018	\$ 1,700,000
3.00% to 4.50% Open Space Bonds Issued October 14, 2004, installment maturities to October 1, 2024	120,000
4.125% to 4.25% General Improvement Bonds Issued July 26, 2007, installment maturities to July 1, 2021	4,625,000
4.125% to 4.25% Open Space Bonds Issued July 26, 2007, installment maturities to July 1, 2022	2,890,000
3.00% to 5.25% General Improvement Bonds Issued June 1, 2008, installment maturities to December 1, 2023	4,729,000
3.00% to 4.00% General Obligation Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2016	3,005,000
3.00% to 5.00% Open Space Refunding Bonds Issued December 16, 2009, installment maturities to September 16, 2021	380,000
1.50% to 3.00% General Obligation Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2018	3,760,000
1.50% to 3.50% Open Space Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2014	<u>625,000</u>
	\$ <u>21,834,000</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>265,000</u>
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Water-Sewer Utility Capital Fund

3.00% to 4.50% Utility Bonds Issued October 14, 2004, installment maturities to October 1, 2024	\$ 300,000
4.125% to 4.25% Utility Bonds Issued July 26, 2007, Installment maturities to July 15, 2022	2,200,000
3.00% to 5.00% Utility Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2021	4,880,000
1.50% to 3.50% Utility Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2024	<u>1,660,000</u>
	\$ <u>9,040,000</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

The General Capital Fund Bonds and Water-Sewer Utility Capital Fund mature serially in installments to the year 2024. Aggregate debt service requirements are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,033,000	\$ 882,971
2014	2,765,000	757,990
2015	2,777,000	643,378
2016	2,821,000	536,965
2017	2,347,000	432,362
2018	2,353,000	346,583
2019	1,385,000	255,175
2020	1,410,000	195,650
2021	1,426,000	135,875
2022	850,000	72,175
2023	602,000	31,400
2024	<u>65,000</u>	<u>2,275</u>
Total	\$ <u>21,834,000</u>	\$ <u>4,292,799</u>

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>
2013	\$ 1,010,000	\$ 365,675	\$ 150,000	\$ 10,600
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>9,040,000</u>	\$ <u>1,897,250</u>	\$ <u>265,000</u>	\$ <u>15,200</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

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, 2012 was \$2,747,554. Loan payments are due through 2027.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 395,104	\$ 52,985
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>18,379</u>	<u>276</u>
Total	\$ <u>2,747,554</u>	\$ <u>250,691</u>

B. Short-Term Debt

On December 31, 2012, 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>		
97-01	Renovations to Municipal Complex	\$ 200,000	1.00%
97-11	Various Improvements	25,000	1.00%
98-08	Various Improvements	57,000	1.00%
99-09	Various Improvements	62,000	1.00%
99-09	Various Improvements	35,000	1.00%
00-10	Various Improvements	244,000	1.00%
00-10	Various Improvements	25,000	1.00%

NOTE 3.

DEBT (CONTINUED)**B. Short-Term Debt (Continued)**

<u>Ordinance Number</u>		<u>Amount</u>	<u>Interest Rate</u>
	<u>General Capital Fund</u>		
00-10	Various Improvements	\$ 15,000	1.00%
01-13	Various Improvements	10,000	1.00%
01-13	Various Improvements	5,000	1.00%
02-13	Various Improvements	386,000	1.00%
02-13	Various Improvements	1,000,000	1.00%
03-09	Various Improvements	252,000	1.00%
03-09	Various Improvements	33,000	1.00%
03-09	Various Improvements	70,000	1.00%
04-11	Various Improvements	29,000	1.00%
04-11	Various Improvements	270,000	1.00%
05-35	Development of Park Lands	30,000	1.00%
05-35	Development of Park Lands	10,000	1.00%
06-21	Various Improvements	300,000	1.00%
07-14, 08-29	Various Improvements	750,000	1.00%
08-14	Development Easements for Open Space	49,000	1.00%
09-16	Various Improvements	941,000	1.00%
09-16	Various Improvements	1,000,000	1.00%
09-16	Various Improvements	159,000	1.00%
10-21	Various Improvements	1,222,000	1.00%
10-21	Various Improvements	300,000	1.00%
11-20	Various Improvements	1,000,000	1.00%
11-20	Various Improvements	300,000	1.00%
12-12	Various Improvements	1,400,000	1.00%
12-19	Various Improvements	<u>50,000</u>	1.00%
		\$ <u>10,229,000</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	\$ 125,000	1.00%
00-11	Various Improvements to the Water-Sewer System	19,300	1.00%
00-11	Various Improvements to the Water-Sewer System	100,000	1.00%
02-14, 04-31	Improvements to the Water System	100,000	1.00%
02-14, 04-31	Improvements to the Water System	50,000	1.00%
03-10	Improvements to the Water System	15,000	1.00%
07-15	Various Improvements to the Water-Sewer System	53,100	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	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</u>		
09-17	Various Improvements to the Water-Sewer System	\$ 796,500	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%
10-22	Various Improvements to the Water-Sewer System	455,000	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>\$ 2,899,000</u>	

C. Bonds and Notes Authorized but not Issued

At December 31, 2012 and 2011, the Township had authorized but not issued bonds and notes as follows:

	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 19,740,268	\$ 15,222,713
Water-Sewer Utility Capital Fund	4,413,581	4,222,313

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2012 and 2011 was .76% and .67%, respectively. The Township's remaining borrowing power at December 31, 2012 and 2011 was 2.74% and 2.83%, 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 and 2011 capital equipment leases by the Freehold Township School District. The outstanding balance of the lease at December 31, 2012 and 2011 was \$776,000 and \$1,031,000, respectively.

NOTE 3. DEBT (CONTINUED)

F. Summary of Debt Activity

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

	<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	330,100	31,100	2,899,000
	<u>\$ 48,905,873</u>	<u>\$ 8,749,100</u>	<u>\$ 10,640,419</u>	<u>\$ 47,014,554</u>

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Capital Fund:				
Serial Bonds	\$ 27,805,000	\$	\$ 3,079,000	\$ 24,726,000
Bond Anticipation Notes	7,000,000	1,000,000		8,000,000
Green Trust Loans	3,514,559		379,686	3,134,873
Water-Sewer Utility Assessment Fund:				
Serial Bonds	565,000		150,000	415,000
Water-Sewer Utility Capital Fund:				
Serial Bonds	11,385,000		1,355,000	10,030,000
Bond Anticipation Notes	2,400,000	200,000		2,600,000
	<u>\$ 52,669,559</u>	<u>\$ 1,200,000</u>	<u>\$ 4,963,686</u>	<u>\$ 48,905,873</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 \$991,307 and \$974,976 at December 31, 2012 and 2011. 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, 2012 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2013 are as follows:

Current Fund	\$ 4,431,915
Water-Sewer Utility Fund	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>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 615,197	\$ 536,273
Prepaid Water-Sewer Utility Charges	12,986	9,163

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, 2012 the following deferred charge is reflected on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Special Emergency Authorizations: N.J.S. 40A:4-55	\$ 350,000	\$ 70,000	\$ 280,000

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:

	2012			2011			2010	
	PERS	PFRS	DCRP	PERS	PFRS	DCRP	PERS	PFRS
Normal Contribution	\$ 272,568	\$ 780,031	\$ 943	\$ 342,139	\$ 998,424	\$ 468	\$ 319,872	\$ 910,981
Accrued Liability	545,135	877,864		545,177	800,575		410,999	649,013
Total Regular Pension Contribution	817,703	1,657,895	943	887,316	1,798,999	468	730,871	1,559,994
Non-Contributory Group Life Insurance	52,098	60,726		67,391	78,251		101,355	79,311
Total Due	\$ 869,801	\$ 1,718,621	\$ 943	\$ 954,707	\$ 1,877,250	\$ 468	\$ 832,226	\$ 1,639,305

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 2012 and 2011, expenditures, net of contributions, of \$1,694,916 and \$1,502,531, 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	
	2012	2011	2012	2011
Balance of Tax	\$ 28,723,408	\$ 28,367,085	\$ 12,187,155	\$ 11,919,363
Deferred	<u>25,566,589</u>	<u>25,566,589</u>	<u> </u>	<u> </u>
Tax Payable	<u>\$ 3,156,819</u>	<u>\$ 2,800,496</u>	<u>\$ 12,187,155</u>	<u>\$ 11,919,363</u>

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, 2012, the Township estimates that no material liabilities will result from such audits.

NOTE 13. CONTINGENT LIABILITIES (CONTINUED)

Major Tax Assessments

Taxpayers in 2012 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	\$ 314,471,800	5.14%

Tax Appeals

The Township has reserved \$322,843 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, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,667	\$ 834,795
Grant Fund	196,174	35,312
Animal Control Trust Fund		2,667
Other Trust Fund	514,730	
General Capital Fund	80,000	
Water-Sewer Utility Operating Fund	128,158	80,055
Water-Sewer Utility Assessment Fund		80,055
Water-Sewer Utility Capital Fund	<u>111,155</u>	<u> </u>
	<u>\$ 1,032,884</u>	<u>\$ 1,032,884</u>

NOTE 15. CAPITAL LEASE

The Township in 2005 and 2007 authorized capital leases with the Monmouth County Improvement Authority. The amounts authorized for the equipment acquisition were \$769,900 and \$866,200. As described in Note 1, the obligations under the capital lease based upon the regulatory basis of accounting is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 200,900	\$ 37,060
2014	209,500	29,575
2015	121,300	20,430
2016	126,300	14,775
2017	110,500	9,300
2018	23,000	3,995
2019	23,000	3,420
2020	24,000	2,500
2021	<u>26,000</u>	<u>1,300</u>
	\$ <u>864,500</u>	\$ <u>122,355</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, 2012 and 2011 is \$311,890 and \$314,872, respectively.

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, 2012 and 2011 is \$173,505 and \$259,280, respectively.

NOTE 18. 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 (in thousands):

NOTE 18. OTHER POST-RETIREMENT BENEFITS - GASB 45 (CONTINUED)

Annual Required Contribution ("ARC")	\$ 7,341
Interest on the net OPEB Obligation	-0-
Adjustments to ARC	<u>-0-</u>
Annual OPEB Cost	7,341
Payments Made	<u>1,176</u>
Increase in Net OPEB Obligation	6,165
Net OPEB Obligation - Beginning of Year 2010	<u>-0-</u>
Net OPEB Obligation - End of Year 2010	\$ <u>6,165</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, 2010 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>
12/31/10	\$ 7,341	16.02%	\$ 6,165

<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>
12/31/10	12/31/10	\$ -0-	\$ 81,447	\$ 81,447	0%	\$ 18,006	22%

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.

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 10% and grading down to 5%, with different starting points and different periods over which 5% is reached for different benefits.

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

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ <u>2.010</u>	\$ <u>1.960</u>	\$ <u>1.892</u>
Apportionment of Tax Rate			
Net County Levy	.262	.260	.255
County Library Tax	.015	.015	.015
County Open Space Tax	.015	.016	.016
Municipal Open Space Tax	.030	.030	.030
District School Tax	.983	.966	.936
Regional School District	.411	.399	.390
Local Municipal Purpose Tax	.294	.274	.250
Fire Districts			
Number 1	.028	.028	.026
Number 2	.038	.037	.036
Assessed Valuation			
2012	\$ 6,114,837,200		
2011		\$ 6,159,186,703	
2010			\$ 6,217,754,888

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$ 125,806,478	\$ 123,852,099	98.44%
2011	123,120,773	121,633,337	98.79%
2010	120,092,343	118,899,293	99.00%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 285,847	\$ 1,533,457	\$ 1,819,304	1.45%
2011	279,238	1,334,493	1,613,731	1.31%
2010	277,115	1,096,436	1,373,551	1.14%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2012	\$ 584,150
2011	584,150
2010	584,150

COMPARISON OF WATER-SEWER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2012	\$ 11,263,531	\$ 451,725	\$ 11,226,212
2011	10,476,820	417,504	10,442,598
2010	10,079,955	255,913	9,918,365

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2012	\$ 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
2008	10,267,595	9,100,000
<u>Water Utility Operating Fund</u>		
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
2008	4,967,337	2,640,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds, Notes, and Loans	\$ 34,810,554	\$ 35,860,873	\$ 38,319,559
Township Lease Guarantee	293,000	247,000	
Board of Education Lease Guarantee	776,000	1,031,000	776,000
Water-Sewer Utility:			
Bonds and Notes	11,939,000	12,630,000	13,785,000
Assessment Bonds	<u>265,000</u>	<u>415,000</u>	<u>565,000</u>
	48,083,554	50,183,873	53,445,559
Less:			
Funds Temporarily Held to Pay Bonds:			
Water-Utility Assessment Fund	<u>251,115</u>	<u>386,597</u>	<u>518,749</u>
Net Debt Issued	<u>47,832,439</u>	<u>49,797,276</u>	<u>52,926,810</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	19,740,268	15,222,713	13,572,713
Water-Sewer Utility:			
Bonds and Notes	<u>4,413,581</u>	<u>4,222,313</u>	<u>4,254,368</u>
Total Authorized but not Issued	<u>24,153,849</u>	<u>19,445,026</u>	<u>17,827,081</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>71,986,288</u>	\$ <u>69,242,302</u>	\$ <u>70,753,891</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 .76%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 51,215,000	\$ 51,215,000	\$ -0-
Regional School District Debt	7,011,407	7,011,407	-0-
Water-Sewer Utility Debt	16,617,581	16,617,581	-0-
General Debt	<u>55,619,822</u>	<u>8,965,094</u>	<u>46,654,728</u>
	\$ <u>130,463,810</u>	\$ <u>83,809,082</u>	\$ <u>46,654,728</u>

Net Debt \$46,654,728 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$6,135,986,084 = .76%

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 214,759,513
Net Debt	<u>46,654,728</u>
Remaining Borrowing Power	\$ <u>168,104,785</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		\$ 14,240,807
Deductions:		
Operating and Maintenance Cost	\$ 10,445,974	
Debt Service per Water Account	<u>1,496,824</u>	
Total Deductions		<u>11,942,798</u>
Excess in Revenue		\$ <u>2,298,009</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, 2012:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Anthony J. Ammiano	Mayor	
Barbara McMorrow	Deputy Mayor	
Eugene B. Golub	Committeeman	
Robert C. McGirr	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 Western Surety Company.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 25,556,710.57
Increased by Receipts:		
Collector	\$ 125,576,546.82	
Revenue Accounts Receivable	13,508,741.77	
State of New Jersey (Ch. 20, P.L. 1971)	266,756.17	
Prepaid Fees and Permits	2,401.00	
Interfunds:		
Other Funds	635,024.44	
Grant Fund	354,587.88	
Due to State for Fees Collected	54,949.00	
Reserve for Prepaid State Aid	18,206.00	
Reserve for Prepaid Health Benefits	7,531.84	
Reserve for Sale of Liquor License	1,511,111.00	
Special Emergency Note Payable	350,000.00	
Due to Freehold Shopping Center	2,968.00	
Police Special Duty Service	410,836.01	
Miscellaneous Revenue not Anticipated	1,135,893.78	
Petty Cash	1,050.00	
		<u>143,836,603.71</u>
		169,393,314.28
Decreased by Disbursements:		
Budget Appropriations	32,774,520.78	
Appropriation Reserves	693,348.81	
Accounts Payable	4,514.95	
Tax Overpayments Refunded	71,470.29	
Due to State for Fees Collected	53,691.00	
Special District Tax	1,943,428.00	
Municipal Open Space Tax	1,834,451.16	
County Taxes	17,963,671.10	
Local School District Taxes	59,729,330.50	
Regional School District Taxes	24,844,073.70	
Interfunds:		
Grant Fund	515,715.55	
Refund of Prior Year Revenue	84.25	
Police Special Duty Service	425,920.07	
Reserve for Tax Appeals	55,171.71	
Reserve for Reassessment	90,000.00	
Petty Cash	1,050.00	
		<u>141,000,441.87</u>
Balance December 31, 2012		\$ <u><u>28,392,872.41</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - COLLECTOR

Increased by:

Taxes Receivable	\$ 124,356,681.83
Tax Title Liens	11,047.17
Tax Overpayments	298,829.19
Prepaid Taxes	615,197.45
Interest and Costs on Taxes	291,176.18
Weed Liens	<u>3,615.00</u>

\$ 125,576,546.82

Decreased by:

Payments to Treasurer

\$ 125,576,546.82

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Collected		Due From	Transferred	Cancelled	Balance
	Dec. 31, 2011		2011	2012	New Jersey	to Tax Title Liens		Dec. 31, 2012
2008	\$ 5,260.95	\$	\$	\$	\$	\$	\$	\$ 5,260.95
2009	14,028.87		260.42	6,894.09		7,732.69		7,134.78
2011	1,315,203.46		260.42	1,311,452.12	(6,750.00)	7,732.69		2,508.23
	<u>1,334,493.28</u>	125,806,478.13	<u>536,273.28</u>	<u>123,038,335.62</u>	<u>277,490.41</u>	<u>8,239.31</u>	427,586.38	<u>14,903.96</u>
2012								<u>1,518,553.13</u>
	<u>\$ 1,334,493.28</u>	\$ 125,806,478.13	\$ 536,533.70	\$ 124,356,681.83	\$ 270,740.41	\$ 15,972.00	\$ 427,586.38	\$ 1,533,457.09

Levy	\$ 125,773,613.25
Delinquent Penalty	<u>32,864.88</u>
	\$ 125,806,478.13
Overpayments Applied	\$ 260.42
Prepaid Taxes	<u>536,273.28</u>
	\$ 536,533.70

Analysis of 2012 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 122,908,227.72
Special District Taxes	1,982,175.59
Added and Omitted Taxes	<u>883,209.94</u>
	\$ 125,773,613.25

Tax Levy:

Regional School Tax (Abstract)		
Local School District Tax (Abstract)		
County Tax (Abstract)	\$ 16,041,008.81	
County Library Tax (Abstract)	933,041.52	
County Open Space Tax (Abstract)	930,240.97	
Due County for Added and Omitted Taxes	<u>127,968.95</u>	
Total County Taxes		18,032,260.25
Special District Taxes		1,943,428.00
Local Open Space Tax		1,834,451.16
Local Tax for Municipal Purposes		17,947,679.69
Add: Additional Tax Levied		<u>818,274.06</u>
		18,765,953.75
	\$ 25,111,866.09	
	60,085,654.00	
		\$ 125,773,613.25

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011		\$ 279,238.02
Increased by:		
Transfers from Taxes Receivable	\$ 15,972.00	
Interest and Costs on Sale	<u>1,684.17</u>	
		<u>17,656.17</u>
		296,894.19
Decreased by:		
Collections		<u>11,047.17</u>
Balance December 31, 2012		<u><u>\$ 285,847.02</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued in</u> <u>2012</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Licenses	\$			\$
Alcoholic Beverages		46,188.00	46,188.00	
Other		100,426.00	100,426.00	
Fees and Permits		287,048.02	287,048.02	
Uniform Construction Code Fees		831,232.00	831,232.00	
Municipal Court				
Fines and Costs	117,060.72	1,200,166.63	1,237,709.51	79,517.84
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		189,938.00	189,938.00	
Hotel/Motel Tax		131,998.52	131,998.52	
Interest on Investments and Deposits		436,197.99	436,197.99	
Shared Services Agreements:				
Board of Health		137,691.16	137,691.16	
Board of Health - Lead Inspector		3,355.64	3,355.64	
Bureau of Fire Prevention		1,005.00	1,005.00	
Equipment Maintenance		65,375.00	65,375.00	
Fuel Oil		311,974.20	311,974.20	
Information Technology		101,731.50	101,731.50	
Police Services		8,443.70	8,443.70	
Open Space - Debt Service		1,610,691.83	1,610,691.83	
Open Space - Park Maintenance		224,000.00	224,000.00	
Payments in Lieu of Taxes		88,552.54	88,552.54	
Reserve for Detention Basin		100,000.00	100,000.00	
Reserve for Municipal Alliance		10,186.00	10,186.00	
Uniform Fire Safety Act		75,513.36	75,513.36	
Verizon Franchise Fees		113,571.54	113,571.54	
	<u>\$ 117,060.72</u>	<u>\$ 13,511,601.63</u>	<u>\$ 13,549,144.51</u>	<u>\$ 79,517.84</u>
Receipts				
Reserve for State Aid			13,508,741.77	
Prepaid Applied			18,206.00	
Interfunds			22,185.00	
			<u>11.74</u>	
			<u>\$ 13,549,144.51</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2011</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
<u>APPROPRIATIONS WITHIN CAPS</u>					
Administrative and Executive					
Salaries and Wages	\$ 10,221.73	\$	\$ 10,221.73		\$ 10,221.73
Other Expenses	166.01	295.04	461.05	295.04	166.01
Public Information Office					
Salaries and Wages	983.30		983.30		983.30
Other Expenses	6,531.17		6,531.17		6,531.17
Purchasing Department					
Salaries and Wages	1,045.98		1,045.98		1,045.98
Other Expenses	2,039.56	1,142.73	3,182.29	1,148.92	2,033.37
Human Resources					
Salaries and Wages	5,154.19		5,154.19		5,154.19
Other Expenses	4,930.00		4,930.00	2,199.22	2,730.78
Mayor and Township Committee					
Salaries and Wages	613.34		613.34		613.34
Other Expenses	11,928.60		11,928.60	1,431.75	10,496.85
Municipal Clerk					
Salaries and Wages	607.60		607.60		607.60
Other Expenses	49,191.62	631.26	49,822.88	2,867.76	46,955.12
Elections					
Other Expenses	2,807.97	800.00	3,607.97	800.00	2,807.97
Financial Administration					
Salaries and Wages	13,207.04		13,207.04		13,207.04
Other Expenses	7,668.01	441.00	8,109.01	2,010.60	6,098.41
Audit					
Information Technology					
Salaries and Wages	10,936.94		10,936.94		10,936.94
Other Expenses	26,048.46	18,354.20	44,402.66	18,580.20	25,822.46
Revenue Administration (Collection of Taxes)					
Salaries and Wages	2,016.53		2,016.53		2,016.53
Other Expenses	1,639.35	164.85	1,804.20	(1,743.55)	3,547.75

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Assessment of Taxes	\$ 1,122.78	\$	\$ 1,122.78	\$	\$ 1,122.78
Salaries and Wages	46,616.15	120.90	46,737.05	10,495.63	36,241.42
Other Expenses					
Legal Services and Costs					
Other Expenses	211,998.88		211,998.88	15,505.12	196,493.76
Affordable Housing Services and Costs					
Other Expenses	9,954.87	282.00	10,236.87	9,584.73	652.14
Engineering Services and Costs					
Salaries and Wages	10,364.35		10,364.35		10,364.35
Other Expenses	6,754.62		6,754.62		6,754.62
Historical Preservation					
Salaries and Wages	1,400.00		1,400.00		1,400.00
Other Expenses	161.00		161.00		161.00
Municipal Land Use Law Planning Board					
Salaries and Wages	7,390.09		7,390.09		7,390.09
Other Expenses	30,452.00	54.00	30,506.00	736.76	29,769.24
Board of Adjustment					
Salaries and Wages	2,362.04		2,362.04		2,362.04
Other Expenses	10,408.91	54.00	10,462.91	916.50	9,546.41
Insurance					
Group Insurance	90,777.06		90,777.06	(851.37)	91,628.43
Other Insurance	1,126.34		1,126.34		1,126.34
Health Benefit Waiver	1,950.00		1,950.00		1,950.00
Code Enforcement - Other					
Salaries and Wages	1,656.72		1,656.72		1,656.72
Police					
Salaries and Wages	252,868.70		252,868.70	(3,837.47)	256,706.17
Other Expenses	135,466.73	16,639.26	152,105.99	17,589.18	134,516.81

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Police - Park Ranger	\$ 200.00	\$	\$ 200.00	\$	\$ 200.00
Other Expenses					
Office of Emergency Management					
Salaries and Wages	699.52		699.52		699.52
Other Expenses	500.00		500.00		500.00
Bureau of Fire Protection					
Salaries and Wages	22,669.38		22,669.38		22,669.38
Other Expenses	1,404.77		1,404.77		1,404.77
Uniform Fire Safety Act					
Salaries and Wages	11,761.22		11,761.22		11,761.22
Municipal Prosecutor					
Salaries and Wages	695.30		695.30		695.30
Road Repair and Maintenance					
Salaries and Wages	89,707.33		89,707.33	(737.28)	90,444.61
Other Expenses	25,737.59	45,390.71	71,128.30	37,641.69	33,486.61
Snow Removal					
Salaries and Wages		113,255.43	113,255.43	113,255.43	
Other Expenses		97,911.77	97,911.77	97,829.89	81.88
Shade Tree Commission					
Salaries and Wages	421.02		421.02		421.02
Other Expenses	17,079.53		17,079.53	23.76	17,055.77
Recycling					
Salaries and Wages	890.24		890.24		890.24
Other Expenses	57,305.80	43,350.00	100,655.80	79,278.09	21,377.71
Public Building and Grounds					
Salaries and Wages	2,615.61		2,615.61		2,615.61
Other Expenses	12,605.07	11,076.85	23,681.92	20,244.44	3,437.48
Equipment Maintenance and Repair					
Salaries and Wages	13,305.58		13,305.58		13,305.58
Other Expenses	8,855.57	35,767.82	44,623.39	24,551.81	20,071.58

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

	Balance Dec. 31, 2011	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Condominium Services Act	\$ 45,070.00	\$	\$ 45,070.00	\$	\$ 45,070.00
Other Expenses					
Board of Health	2,633.52		2,633.52		2,633.52
Salaries and Wages					
Other Expenses	12,043.81	5,292.87	17,336.68	13,663.26	3,673.42
Environmental Commission					
Other Expenses	300.00		300.00		300.00
Board of Recreation Commissioners					
Salaries and Wages	58,728.08		58,728.08		58,728.08
Other Expenses	14,385.34	35,149.18	49,534.52	34,084.90	15,449.62
Senior Center					
Salaries and Wages	47,173.27		47,173.27		47,173.27
Other Expenses	183.38	581.76	765.14	613.68	151.46
Municipal Court					
Salaries and Wages	3,133.90		3,133.90	121.72	3,012.18
Other Expenses	3,457.15	1,511.65	4,968.80	3,126.37	1,842.43
State Uniform Construction Code Official					
Salaries and Wages	20,454.19		20,454.19		20,454.19
Other Expenses	2,529.87	1,388.46	3,918.33	2,260.56	1,657.77
Utilities					
Electricity	71,770.16		71,770.16		
Street Lighting	80,453.53	20,510.15	100,963.68	38,927.61	53,352.70
Telephone	66,666.77	24,886.37	91,553.14	56,866.55	48,473.35
Natural Gas	38,237.35		38,237.35	2,363.02	64,303.75
Water and Sewer	19,047.66		19,047.66	10,677.29	27,560.06
Fuel Oil and Gasoline	106,298.60	65,000.00	171,298.60	244.11	18,803.55
Contingent	1.00		1.00	64,930.18	106,368.42
					1.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Contribution to:					
Public Employees Retirement System	\$ 2,050.45	\$	\$ 2,050.45	\$	\$ 2,050.45
Social Security System	93,998.55		93,998.55		93,998.55
Defined Contribution Retirement Program	32.00		32.00		32.00
Total Appropriations within Caps	<u>1,937,245.75</u>	<u>540,052.26</u>	<u>2,477,298.01</u>	<u>677,696.10</u>	<u>1,799,601.91</u>
<u>APPROPRIATIONS OUTSIDE CAPS</u>					
Municipal Stormwater					
Public Works					
Other Expenses	500.00		500.00		500.00
Length of Service Awards Program (LOSAP)	25,000.00		25,000.00	11,212.50	13,787.50
Local Matching Fund for Grants	500.00		500.00		500.00
Shared Services Agreements					
Board of Health					
Other Expenses	4,585.00		4,585.00	4,440.21	144.79
Road Repairs and Maintenance					
Fuel Oil					
Other Expenses	313.08		313.08		313.08
Police Special Services					
Salaries and Wages	3,440.00		3,440.00		3,440.00
Information Technology					
Salaries and Wages	2,137.89		2,137.89		2,137.89
Total Appropriations outside Caps	<u>36,475.97</u>		<u>36,475.97</u>	<u>15,652.71</u>	<u>20,823.26</u>
Total General Appropriations	\$ <u>1,973,721.72</u>	\$ <u>540,052.26</u>	\$ <u>2,513,773.98</u>	\$ <u>693,348.81</u>	\$ <u>1,820,425.17</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2011		\$	59,379.80
2012 Tax Levy:			
County Tax	\$	16,041,008.81	
County Library Tax		933,041.52	
County Open Space Tax		930,240.97	
County Share of Added and Omitted Taxes		<u>127,968.95</u>	
			<u>18,032,260.25</u>
			<u>18,091,640.05</u>
Decreased by:			
Disbursements			<u>17,963,671.10</u>
Balance December 31, 2012		\$	<u><u>127,968.95</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2011:			
School Tax Payable	\$	2,800,495.52	
School Tax Deferred		<u>25,566,589.00</u>	
			\$ 28,367,084.52
Increased by:			
Levy - School Year July 1, 2012 to June 30, 2013			<u>60,085,654.00</u>
			<u>88,452,738.52</u>
Decreased by:			
Disbursements			<u>59,729,330.50</u>
Balance December 31, 2012:			
School Tax Payable		3,156,819.02	
School Tax Deferred		<u>25,566,589.00</u>	
			\$ <u><u>28,723,408.02</u></u>
2012 Liability for Local District School Tax:			
Tax Paid	\$	59,729,330.50	
Tax Payable December 31, 2012		<u>3,156,819.02</u>	
			<u>62,886,149.52</u>
Less: Tax Payable December 31, 2011			<u>2,800,495.52</u>
Amount Charged to 2012 Operations	\$		<u><u>60,085,654.00</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2011:	
School Tax Payable	\$ 11,919,362.70
Increased by:	
Levy - School Year July 1 2012 to June 30, 2013	25,111,866.09
	<u>37,031,228.79</u>
Decreased by:	
Disbursements	<u>24,844,073.70</u>
Balance December 31, 2012:	
School Tax Payable	\$ <u>12,187,155.09</u>
2012 Liability for Local District School Tax:	
Tax Paid	\$ 24,844,073.70
Tax Payable December 31, 2012	12,187,155.09
	<u>37,031,228.79</u>
Less: Tax Payable December 31, 2011	<u>11,919,362.70</u>
Amount Charged to 2012 Operations	\$ <u>25,111,866.09</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

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, 2011 - Due From/(To)	9,506.44	9,506.44				
Increased by:						
Interest Earned on Deposits	11.74	11.74				
Excess Statutory of Animal Control Reserve	2,655.31	2,655.31				
Miscellaneous Revenue not Anticipated	97.17				97.17	
Total Increases	<u>2,764.22</u>	<u>2,667.05</u>			<u>97.17</u>	
Total Increases and Balances	<u>12,270.66</u>	<u>12,173.49</u>			<u>97.17</u>	
Decreased by:						
Receipts	635,024.44	9,506.44	514,418.00	80,000.00	13,200.00	31,100.00
Grant Funds paid from Other Funds	13,200.00				13,200.00	
Total Decreases	<u>648,224.44</u>	<u>9,506.44</u>	<u>514,418.00</u>	<u>80,000.00</u>	<u>13,200.00</u>	<u>31,100.00</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)

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2011 - Due To			\$ 327,911.81
Increased by:			
Deposited in Current Fund:			
Grants Receivable	\$ 340,230.48		
Unappropriated Reserves	<u>14,357.40</u>		
		\$ 354,587.88	
Cancelled Grants Receivable		2,810.18	
2012 Budget Appropriations		<u>396,230.95</u>	
			<u>753,629.01</u>
			1,081,540.82
Decreased by:			
Cancelled Appropriated Reserves		1,406.32	
2012 Anticipated Revenue		355,044.95	
Disbursed in Current Fund:			
Current Fund	515,715.55		
Water-Sewer Utility Operating Fund	<u>13,200.00</u>		
		<u>528,915.55</u>	
			<u>885,366.82</u>
Balance December 31, 2012 - Due To			\$ <u><u>196,174.00</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Anticipated Revenue</u>	<u>2012 Anticipated Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
State Grants:					
Alcohol Education and Rehabilitation					
Alliance to Prevent Alcoholism and Drug Abuse	\$	\$	\$	\$	\$
2011 Grant Award	18,065.36	161.89	161.89		
2012 Grant Award		40,745.00	16,519.63	1,545.73	25,448.23
Clean Communities Program		61,671.73	60,426.05	1,245.68	
Drunk Driving Enforcement Fund		18,661.64	18,661.64		
Homeland Security and Preparedness Grant	284,998.36				284,998.36
NJ OEM Performance Grant		14,844.62			14,844.62
Recycling Tonnage Grant		69,025.68	69,025.68		
Safe and Secure Communities Program		60,000.00	60,000.00		
Safe Corridors					
2011 Grant Award	83,790.59	71,710.89	83,771.82	18.77	71,710.89
2012 Grant Award					
Other:					
NJPCA/DHSS Community Funding	3,125.00	2,500.00	3,125.00		2,500.00
Rutgers Quality Improvement Mini-Grant					
Federal Grants:					
Bulletproof Vests					
2008 Grant Award	724.00				724.00
2011 Grant Award	6,411.50	11,723.50	6,411.50		11,723.50
2012 Grant Award		4,000.00	4,000.00		
Click It or Ticket					
Green Communities Program	3,000.00		2,830.50		169.50
Licensed Operator Internship Program	35,000.00				35,000.00
	<u>\$ 435,114.81</u>	<u>\$ 355,044.95</u>	<u>\$ 340,230.48</u>	<u>\$ 2,810.18</u>	<u>\$ 447,119.10</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Transferred from 2012 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
State Grants:						
Alcohol Education and Rehabilitation						
2012 Grant Award	\$	\$	\$ 161.89	\$	\$	\$ 161.89
Alliance to Prevent Alcoholism and Drug Abuse						
2011 Grant Award	640.00	655.00		782.24		512.76
2012 Grant Award			50,931.00	46,905.65		4,025.35
Body Armor Replacement						
2010 Grant Award	3,802.23	837.10		4,639.33		
2011 Grant Award	5,782.86			5,782.86		
Clean Communities Program						
2009 Grant Award		1,135.90		975.26	160.64	
2010 Grant Award	21,525.26	7,664.10		29,189.36		
2011 Grant Award	50,231.68			40,944.27		9,287.41
2012 Grant Award			61,671.73	30,818.75	1,245.68	29,607.30
Drunk Driving Enforcement Fund						
2008 Grant Award	1,191.05					1,191.05
2009 Grant Award	5,059.93			4,372.88		687.05
2011 Grant Award			18,661.64	4,767.80		13,893.84
Homeland Security and Preparedness Grant						
NJ OEM Performance Grant	267,744.44			209,292.15		58,452.29
2012 Grant Award			14,844.62			14,844.62
Recycling Tonnage Grant						
2009 Grant Award	86,891.91			86,891.91		
2010 Grant Award	87,130.61			57,488.79		29,641.82
2011 Grant Award	81,698.54					81,698.54
2012 Grant Award			69,025.68			69,025.68
Safe and Secure Communities Program						
2011-12 Grant Award			91,000.00	90,070.57		929.43

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

GRANT FUND

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Transferred</u> <u>from</u> <u>2012 Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State Grants (Continued):						
Safe Corridors						
2011 Grant Award	\$ 18.77	\$ 79,923.74		\$ 79,923.74	\$	\$ 18.77
2012 Grant Award			71,710.89	71,419.47		291.42
Tobacco Age-of-Sale Enforcement Program						
2009 Grant Award	2,160.00					2,160.00
Other:						
NJPCA/DHSS Community Funding	12,500.00		2,500.00	12,500.00		320.65
Rutgers Quality Improvement Mini-Grant				2,179.35		
Federal Grants:						
Bulletproof Vests						
2011 Grant Award	6,411.50			6,411.50		
2012 Grant Award			11,723.50	4,151.86		7,571.64
Click It or Ticket			4,000.00	4,000.00		
Ecology of Lyme Disease						
2010-11 Grant Award		522.00		522.00		
Green Communities Grant	250.00	4,250.00		4,250.00		250.00
Licensed Operator Internship Program	35,000.00			35,000.00		
	<u>\$ 668,038.78</u>	<u>\$ 94,987.84</u>	<u>\$ 396,230.95</u>	<u>\$ 833,279.74</u>	<u>\$ 1,406.32</u>	<u>\$ 324,571.51</u>
Interfunds:						
Current Fund				\$ 528,915.55		
Other Trust Fund				312.00		
Water-Sewer Utility Operating Fund				35,000.00		
Reserve for Encumbrances				269,052.19		
				<u>\$ 833,279.74</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-17

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

	<u>Grant</u>	<u>Received</u>	<u>Balance Dec. 31, 2012</u>
State Grant:			
Body Armor Replacement		\$ 5,841.51	\$ 5,841.51
Drunk Driving Enforcement Fund		<u>8,515.89</u>	<u>8,515.89</u>
		<u>\$ 14,357.40</u>	<u>\$ 14,357.40</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, 2011	\$ 59,785.64	\$ 7,480,259.18
Increased by Receipts:		
Due to State of New Jersey	\$ 3,628.80	
Dog License and Other Fees	18,432.40	
Prepaid Licenses	9,172.80	
Interfunds	11.74	588.48
Miscellaneous Reserves		<u>4,819,673.74</u>
	<u>31,245.74</u>	<u>4,820,262.22</u>
	91,031.38	<u>12,300,521.40</u>
Decreased by Disbursements:		
Due to State of New Jersey	4,284.00	
Animal Control Trust Fund Expenditures	17,649.69	
Interfunds	9,506.44	900.48
Miscellaneous Reserves		<u>5,522,695.24</u>
	<u>31,440.13</u>	<u>5,523,595.72</u>
Balance December 31, 2012	\$ <u>59,591.25</u>	\$ <u>6,776,925.68</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, 2011		\$ 659.40
Increased by:		
Fees Collected		<u>3,628.80</u>
		4,288.20
Decreased by:		
Payments to State of New Jersey		<u>4,284.00</u>
Balance December 31, 2012		<u><u>\$ 4.20</u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2011		\$ 36,417.40
Increased by:		
Dog License Fees	\$ 14,194.40	
Kennel License	135.00	
Other	<u>4,103.00</u>	
	18,432.40	
Prepaid Licenses Applied	<u>8,331.80</u>	
		<u>26,764.20</u>
		63,181.60
Decreased by:		
Expenditures Under R.S. 4:19-15.11	17,649.69	
Statutory Excess Due Current Fund	<u>2,655.31</u>	
		<u>20,305.00</u>
Balance December 31, 2012		<u><u>\$ 42,876.60</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ <u>18,723.40</u>
2011	<u>24,153.20</u>
	<u><u>\$ 42,876.60</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2011 - Due To		\$ 9,506.44
Decreased by:		
Interest Earned on Deposits	\$ 11.74	
Statutory Excess	<u>2,655.31</u>	
		<u>2,667.05</u>
		<u>12,173.49</u>
Decreased by:		
Disbursements		<u>9,506.44</u>
Balance December 31, 2012 - Due To		<u><u>\$ 2,667.05</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVES AND SPECIAL DEPOSITS

	<u>Balance Dec. 31, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance Dec. 31, 2012</u>
Reserve for:					
Arboretum	\$ 24,599.03	\$ 2,250.00	\$ 133.70	\$	\$ 26,715.33
Board of Recreation Commissioners	805,280.55	1,095,356.84	1,003,743.66		896,893.73
Cash Bonds		2,000.00	2,000.00		
Construction Code Dedicated Penalties		21,900.92			21,900.92
Deposits for Redemption of Tax Sale Certificates		842,913.34	813,058.55		29,854.79
Detention Project		34,736.55	100,000.00		904,633.09
Escrow Deposits	969,896.54	446,246.36	550,703.31		1,423,003.82
Historical Preservation	1,527,460.77				600.00
Monument Bonds	600.00				875.00
Mount Laurel Housing Trust	875.00				1,047,540.66
Municipal Drug Alliance Fund	1,205,692.55	15,821.59	173,973.48		1,047,540.66
Open Space	23,734.45	22,947.03	20,766.20		25,915.28
Parking Offenses Adjudication Act	346,560.89	1,846,493.85	2,028,923.50		164,131.24
Premiums Received at Tax Sale	3,326.60	1,488.00	705.00		4,109.60
Public Defender	165,500.00	198,200.00	108,100.00		255,600.00
Public Safety Donation	3,818.70	27,466.50	30,550.00		735.20
Relocation	18,785.99	2,600.00			21,385.99
Road Projects	7,502.00				7,502.00
Shade Tree Donations	379,754.26				379,754.26
Shade Tree Escrow	71,489.98				71,489.98
Sick Leave Trust	5,200.00				5,200.00
Sidewalks and Curbs	165,106.87		31,671.96		133,434.91
Snow Removal	250,176.84	20,592.26	20,893.75		249,875.35
Special Law Enforcement Fund	1,103,042.25	705,903.54	493,712.06		1,315,233.73
Street Opening Bonds	44,075.90	1,794.69	9,470.63		36,399.96
Unemployment Trust	10,550.00	21,460.00	17,000.00		15,010.00
Uniform Fire Safety Act Penalty Monies 2:12	259,279.75	22,976.99	108,752.05		173,504.69
Uniform Fire Safety Act Penalty Monies 2:12A	87,950.26	2,714.78	8,537.39	(44,830.26)	37,297.39
	<u>\$ 7,480,259.18</u>	<u>\$ 5,335,863.24</u>	<u>\$ 5,522,695.24</u>	<u>\$</u>	<u>\$ 7,293,427.18</u>
Receipts					
Interfund - Current Fund		\$ 4,819,673.74			
Due from Municipal Court		514,418.00			
		<u>1,771.50</u>			
		<u>\$ 5,335,863.24</u>			

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 5,797,253.75
Increased by Receipts:		
Premium on Sale of Notes	\$ 53,140.41	
Accounts Receivable:		
Offset with Reserves	17,000.00	
Unreserved	2,981.73	
Bond Anticipation Notes	2,229,000.00	
Grants Receivable	303,065.96	
Reserve for Debt Service	476,090.36	
Budget Appropriations:		
Capital Improvement Fund	<u>150,000.00</u>	
		<u>3,231,278.46</u>
		<u>9,028,532.21</u>
Decreased by Disbursements:		
Improvement Authorizations		<u>3,155,064.35</u>
Balance December 31, 2012		<u><u>\$ 5,873,467.86</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

Exhibit C-3

	Balance Dec. 31, 2011 \$	Receipts		Disbursements Improvement Authorizations \$	Transfers		Balance Dec. 31, 2012 \$
		Notes Issued \$	Miscellaneous \$		From \$	To \$	
Fund Balance	909,199.16						982,321.30
Capital Improvement Fund	1,269,780.54		53,140.41		348,445.00	19,981.73	1,071,335.54
Down Payments on Improvements	95,737.00		150,000.00				95,737.00
Interfund - Current Fund	(450,000.00)				80,000.00		(80,000.00)
Grant Receivable			303,065.96		200,000.00		(80,000.00)
Accounts Receivable			2,981.73		2,981.73		(346,934.04)
Accounts Receivable Offset with Reserves			17,000.00		17,000.00		
Reserve for:							
Improvements	21,376.00						21,376.00
Debt Service	175,000.00						651,090.36
Historical Preservation	15,590.20		476,090.36				15,590.20
Improvement Authorizations							
Ordinance Number							
97-01	163,445.24			150,587.79			12,857.45
Renovations to Municipal Complex							
97-11	7,505.64						7,505.64
Various Improvements							
98-08	3,836.88						3,836.88
Various Improvements							
99-09	79.12						79.12
Various Improvements							
00-10	(11,190.00)	15,000.00		2,265.10			1,544.90
Various Improvements							
01-13	(4,722.54)	5,000.00					277.46
Various Improvements							
02-13	234,627.19						234,627.19
Various Improvements							
03-09	(43,888.40)	70,000.00		21,955.33			4,156.27
Various Improvements							
03-20	50,461.85						50,461.85
Acquisition of Property							
03-21	37,567.72						37,567.72
Acquisition of Property							
04-11	79,415.38						79,415.38
Various Improvements							
04-12	25,791.61						25,791.61
Acquisition of Property							
05-19	3,932.46						3,932.46
Various Improvements							
05-35	(8,235.05)	10,000.00		3,469.52			1,764.95
Development of Park Lands							
06-20	54,281.95						54,281.95
Affordable Housing							
06-21	127,595.15						127,595.15
Various Improvements							
07-14, 08-29	235,182.37						235,182.37
Various Improvements							
08-14	1,837.94						1,837.94
Development Easements for Open Space							
09-16	328,003.28	159,000.00		194,057.52			292,945.76
Various Improvements							
10-21	1,157,088.06	300,000.00		1,349,395.11			107,692.95
Various Improvements							
11-20	1,317,955.00	300,000.00		892,573.19			725,381.81
Various Improvements							
12-12		1,320,000.00		440,224.14			1,433,220.86
Various Improvements							
12-19		50,000.00		550.00			124,450.00
Various Improvements							
	\$ 5,797,253.75	\$ 2,229,000.00	\$ 1,002,278.46	\$ 3,155,064.35	\$ 648,426.73	\$ 648,426.73	\$ 5,873,467.86

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO

FUTURE TAXATION - FUNDED

Balance December 31, 2011		\$ 27,860,872.57
Increased by:		
Serial Bonds Issued		<u>4,430,000.00</u>
		32,290,872.57
Decreased by:		
2012 Budget Appropriations:		
Principal on Serial Bonds	\$ 3,022,000.00	
Green Trust Loan	387,318.46	
Bonds Refunded	<u>4,300,000.00</u>	
		<u>7,709,318.46</u>
Balance December 31, 2012		<u><u>\$ 24,581,554.11</u></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	Analysis of Balance		by Bond		Unexpended	
		Balance Dec. 31, 2011	2012 Authorizations	Budget Appropriation	Balance Dec. 31, 2012		Anticipation Notes
97-01	Renovations to Municipal Complex	\$ 415,000.00	\$	\$	\$ 415,000.00	\$ 200,000.00	\$ 215,000.00
97-11	Various Improvements	103,818.70			103,818.70	25,000.00	78,818.70
98-08	Various Improvements	1,670,755.00		3,000.00	1,667,755.00	57,000.00	1,610,755.00
99-09	Various Improvements	276,575.00		3,000.00	273,575.00	97,000.00	176,575.00
00-10	Various Improvements	1,397,000.00		9,000.00	1,388,000.00	284,000.00	1,104,000.00
01-13	Various Improvements	637,650.00			637,650.00	15,000.00	622,650.00
02-13	Various Improvements	2,624,150.00		14,000.00	2,610,150.00	1,386,000.00	1,224,150.00
03-09	Various Improvements	900,575.00		10,000.00	890,575.00	355,000.00	535,575.00
03-21	Acquisition of Property	58,600.00			58,600.00		58,600.00
04-11	Various Improvements	835,930.00		1,000.00	834,930.00	299,000.00	535,930.00
04-13	Acquisition of Property	21,644.19			21,644.19		21,644.19
05-19	Various Improvements	931,525.00			931,525.00		931,525.00
05-35	Development of Park Lands	530,000.00			530,000.00	40,000.00	490,000.00
06-20	Affordable Housing	1,045,000.00			1,045,000.00		1,045,000.00
06-21	Various Improvements	866,075.00			866,075.00	300,000.00	566,075.00
07-14, 08-29	Various Improvements	1,517,915.00			1,517,915.00	750,000.00	767,915.00
08-14	Development Easements for Open Space	62,500.00		1,000.00	61,500.00	49,000.00	12,500.00
09-16	Various Improvements	3,464,000.00		39,000.00	3,425,000.00	2,100,000.00	1,325,000.00
10-21	Various Improvements	3,214,000.00			3,214,000.00	1,522,000.00	1,692,000.00
11-20	Various Improvements	2,650,000.00			2,650,000.00	1,300,000.00	1,350,000.00
12-12	Various Improvements		5,426,555.00		5,426,555.00	1,400,000.00	4,026,555.00
12-19	Various Improvements		1,400,000.00		1,400,000.00	50,000.00	1,350,000.00
		\$ 23,222,712.89	\$ 6,826,555.00	\$ 80,000.00	\$ 29,969,267.89	\$ 10,229,000.00	\$ 19,740,267.89

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, 2012
Unexpended
Improvement
Authorizations
\$ 22,926,982.46

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	
97-01	Renovations to Municipal Complex	\$ 12,857.45
97-11	Various Improvements	7,505.64
98-08	Various Improvements	3,836.88
99-09	Various Improvements	79.12
00-10	Various Improvements	1,544.90
01-13	Various Improvements	277.46
02-13	Various Improvements	234,627.19
03-09	Various Improvements	4,156.27
04-11	Various Improvements	53,760.86
05-35	Various Improvements	1,764.95
06-21	Various Improvements	100,918.76
07-14, 08-29	Various Improvements	187,526.63
08-14	Development Easements for Open Space	1,837.94
09-16	Various Improvements	292,945.76
10-21	Various Improvements	107,692.95
11-20	Various Improvements	725,381.81
12-12	Various Improvements	1,400,000.00
12-19	Various Improvements	<u>50,000.00</u>

3,186,714.57

\$ 19,740,267.89

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 1 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Issued	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Improvement Bonds	10/14/2004	\$ 10,790,000	10/01/2013-14	\$ 850,000	4.000%	\$ 6,240,000.00	\$ 4,540,000.00	\$ 1,700,000.00	
Open Space Bonds	10/14/2004	1,210,000	10/01/2013-14	60,000	4.000%	790,000.00	670,000.00	120,000.00	
General Improvement Bonds	7/26/2007	6,160,000	7/01/2013	435,000	4.125%				
			7/01/2014-16	480,000	4.125%				
Open Space Bonds	7/26/2007	4,340,000	7/01/2017-21	550,000	4.250%	5,060,000.00	435,000.00	4,625,000.00	
			7/01/2013-16	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%	3,180,000.00	290,000.00	2,890,000.00	
			12/01/2013	338,000	5.000%				
			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%	5,051,000.00	322,000.00	4,729,000.00	
General Obligation Refunding Bonds	12/16/2009	5,310,000	9/15/2013	990,000	4.000%				
			9/15/2014	660,000	4.000%				
			9/15/2015	655,000	4.000%				
			9/15/2016	700,000	4.000%	3,980,000.00	975,000.00	3,005,000.00	
Open Space Refunding Bonds	12/16/2009	475,000	9/15/2013-15	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%	425,000.00	45,000.00	380,000.00	
General Obligation Refunding Bonds	10/01/2012	3,800,000	10/01/2013	20,000	1.500%				
			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%	3,800,000.00	40,000.00	3,760,000.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 2 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Issued	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Open Space Refunding Bonds	10/01/2012	\$ 630,000	10/01/2013	\$ 5,000	1.500%				
			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%				
						\$	\$ 630,000.00	\$ 5,000.00	\$ 625,000.00
							\$ 4,430,000.00	\$ 7,322,000.00	\$ 21,834,000.00
							\$ 3,022,000.00	\$ 4,300,000.00	
							\$ 7,322,000.00		

Paid by Budget Appropriation
Bonds Refunded

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 1 of 4

Improvement Description	Date of Issue	Original Issue	Maturities of Loan Outstanding Dec. 31, 2012 Date	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
Open Space Acquisition	November 1996	\$ 2,000,000.00	See Amortization Statement	2.00%	\$ 532,662.30	\$ 114,281.70	\$ 418,380.60
Open Space Acquisition	October 1997	965,000.00	See Amortization Statement	2.00%	337,690.47	53,519.23	284,171.24
Park Development	October 1998	500,000.00	See Amortization Statement	2.00%	192,692.86	28,047.18	164,645.68
Open Space Acquisition	November 2000	2,250,000.00	See Amortization Statement	2.00%	1,036,165.86	129,384.79	906,781.07
Opatut Park Development	October 2005	400,000.00	See Amortization Statement	2.00%	293,002.28	19,108.30	273,893.98
Opatut Park Development	September 2007	600,000.00	See Amortization Statement	2.00%	488,302.29	29,341.60	458,960.69
Opatut Park Development	March 2008	300,000.00	See Amortization Statement	2.00%	254,356.51	13,635.66	240,720.85
					\$ 3,134,872.57	\$ 387,318.46	\$ 2,747,554.11

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

STATEMENT OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 4

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
January 2013	\$ 41,395.97	\$ 4,488.17
February 2013	80,555.60	13,657.43
April 2013	9,697.70	2,738.94
May 2013	6,920.27	2,407.21
June 2013	57,999.38	4,183.81
July 2013	41,809.92	4,074.22
August 2013	81,361.16	12,851.87
October 2013	9,794.68	2,641.96
November 2013	6,989.47	2,338.01
December 2013	58,579.38	3,603.81
January 2014	42,228.03	3,656.11
February 2014	82,174.78	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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

STATEMENT OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 3 of 4

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
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
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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

STATEMENT OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 4 of 4

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 2,747,554.11</u>	<u>\$ 250,691.67</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Issued for Cash	Budget Appropriation	Balance Dec. 31, 2012
97-01	Renovations to Municipal Complex	12/21/2010	12/19/2012	12/18/2013	1.00%	\$ 200,000.00	\$	\$	\$ 200,000.00
97-11	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	25,000.00			25,000.00
98-08	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	60,000.00	3,000.00		57,000.00
99-09	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	65,000.00	3,000.00		62,000.00
99-09	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	35,000.00			35,000.00
00-10	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	253,000.00		9,000.00	244,000.00
00-10	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	25,000.00			25,000.00
01-13	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	10,000.00			10,000.00
01-13	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	5,000.00			5,000.00
02-13	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	400,000.00		14,000.00	386,000.00
02-13	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	1,000,000.00			1,000,000.00
03-09	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	262,000.00		10,000.00	252,000.00
03-09	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	33,000.00			33,000.00
03-09	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	70,000.00		1,000.00	70,000.00
04-11	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	30,000.00			29,000.00
04-11	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	270,000.00			270,000.00
05-35	Development of Park Lands	12/21/2010	12/19/2012	12/18/2013	1.00%	30,000.00			30,000.00
05-35	Development of Park Lands	12/19/2012	12/19/2012	12/18/2013	1.00%	10,000.00			10,000.00
06-21	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	300,000.00			300,000.00
07-14, 08-29	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	750,000.00			750,000.00
08-14	Development Easements for Open Space	12/22/2009	12/19/2012	12/18/2013	1.00%	50,000.00	1,000.00		49,000.00
09-16	Various Improvements	12/22/2009	12/19/2012	12/18/2013	1.00%	980,000.00	39,000.00		941,000.00
09-16	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	1,000,000.00			1,000,000.00
09-16	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	159,000.00			159,000.00
10-21	Various Improvements	12/21/2010	12/19/2012	12/18/2013	1.00%	1,222,000.00			1,222,000.00
10-21	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	300,000.00		300,000.00	300,000.00
11-20	Various Improvements	12/20/2011	12/19/2012	12/18/2013	1.00%	1,000,000.00			1,000,000.00
11-20	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	300,000.00			300,000.00
12-12	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	1,400,000.00			1,400,000.00
12-19	Various Improvements	12/19/2012	12/19/2012	12/18/2013	1.00%	50,000.00			50,000.00
						\$ 8,000,000.00	\$ 2,309,000.00	\$ 80,000.00	\$ 10,229,000.00
	Receipts								
	Interfund - Current Fund								
						\$ 2,229,000.00			
						80,000.00			
									\$ 2,309,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2011		Down Payment	2012 Authorizations		Balance Dec. 31, 2012	
			Funded	Unfunded		Expended	Deferred Charges to Future Taxation Unfunded	Funded	Unfunded
97-01	Renovations to Municipal Complex	2/25/1997	\$ 1,700,000.00	\$ 378,445.24	\$	\$	\$	\$ 227,857.45	
97-11	Various Improvements	5/27/1997	2,441,000.00	86,324.34				86,324.34	
98-08	Various Improvements	4/21/1998	5,179,100.00	1,614,591.88				1,614,591.88	
99-09	Various Improvements	4/27/1999	2,688,500.00	176,654.12				176,654.12	
00-10	Various Improvements	4/18/2000	3,715,265.00	1,107,810.00				1,105,544.90	
01-13	Various Improvements	4/24/2001	4,187,000.00	622,927.46		2,265.10		622,927.46	
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	561,686.60		21,955.33		539,731.27	
03-20	Acquisition of Property	8/26/2003	800,000.00						
03-21	Acquisition of Property	8/26/2003	600,000.00	58,600.00				58,600.00	
04-11	Various Improvements	4/27/2004	5,669,400.00	615,345.38		25,654.52		589,690.86	
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	21,644.19				21,644.19	
05-19	Various Improvements	7/26/2005	4,806,525.00	931,525.00				931,525.00	
05-35	Development of Park Lands	11/29/2005	2,280,000.00	491,764.95		3,469.52		491,764.95	
06-20	Affordable Housing	5/23/2006	1,100,000.00	1,045,000.00				1,045,000.00	
06-21	Various Improvements	5/23/2006	3,798,500.00	693,670.15		26,676.39		666,993.76	
07-14, 08-29	Various Improvements	6/26/2007	4,905,700.00						
		11/12/2008	155,000.00	1,003,097.37				955,441.63	
08-14	Development Easements for Open Space	7/29/2008	1,750,000.00	14,337.94				14,337.94	
09-16	Various Improvements	5/26/2009	3,821,000.00	1,812,003.28		194,057.52		1,617,945.76	
10-21	Various Improvements	8/31/2010	3,627,000.00	3,149,088.06		1,349,395.11		1,799,692.95	
11-20	Various Improvements	8/23/2011	2,986,000.00	2,650,000.00		892,573.19		2,075,381.81	
12-12	Various Improvements	6/26/2012	5,900,000.00		473,445.00			5,426,555.00	
12-19	Various Improvements	10/02/2012	1,475,000.00		75,000.00			74,450.00	
					\$ 489,990.59	\$ 18,493,293.15	\$ 6,826,555.00	\$ 22,926,982.46	
	Grants Receivable				\$ 200,000.00				
	Capital Improvement Fund				348,445.00				
					\$ 548,445.00				

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	\$ 1,269,780.54
Increased by:	
2012 Budget Appropriations	150,000.00
	<u>1,419,780.54</u>
Decreased by:	
Appropriation to Finance Improvement Authorizations	348,445.00
	<u>348,445.00</u>
Balance December 31, 2012	\$ <u><u>1,071,335.54</u></u>

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

Exhibit C-11

Balance December 31, 2011 and 2012	\$ <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

<u>Year of Lease</u>	<u>Lease Principal</u>	<u>Maturities of Loan Outstanding Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2012</u>
2007	\$ 886,200.00	Date See Amortization Statement	\$ 471,900.00	\$ 69,400.00	\$ 402,500.00
2011	582,000.00	Amount See Amortization Statement	582,000.00	120,000.00	462,000.00
			<u>\$ 1,053,900.00</u>	<u>\$ 189,400.00</u>	<u>\$ 864,500.00</u>

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 2013	\$	\$ 10,062.50
April 2013		8,467.50
September 2013	72,900.00	10,062.50
October 2013	128,000.00	8,467.50
March 2014		8,240.00
April 2014		6,547.50
September 2014	76,500.00	8,240.00
October 2014	133,000.00	6,547.50
March 2015		6,327.50
April 2015		3,887.50
September 2015	80,300.00	6,327.50
October 2015	41,000.00	3,887.50
March 2016		4,320.00
April 2016		3,067.50
September 2016	84,300.00	4,320.00
October 2016	42,000.00	3,067.50
March 2017		2,212.50
April 2017		2,437.50
September 2017	88,500.00	2,212.50
October 2017	22,000.00	2,437.50
April 2018		1,997.50
October 2018	23,000.00	1,997.50
April 2019		1,710.00
October 2019	23,000.00	1,710.00
April 2020		1,250.00
October 2020	24,000.00	1,250.00
April 2021		650.00
October 2021	26,000.00	650.00
	<u>\$ 864,500.00</u>	<u>\$ 122,355.00</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, 2012</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
03-21	Acquisition of Property	58,600.00
04-11	Various Improvements	535,930.00
04-13	Acquisition of Property	21,644.19
05-19	Various Improvements	931,525.00
05-35	Development of Park Lands	490,000.00
06-20	Affordable Housing	1,045,000.00
06-21	Various Improvements	566,075.00
07-14, 08-29	Various Improvements	767,915.00
08-14	Development Easements for Open Space	12,500.00
09-16	Various Improvements	1,325,000.00
10-21	Various Improvements	1,692,000.00
11-20	Various Improvements	1,350,000.00
12-12	Various Improvements	4,026,555.00
12-19	Various Improvements	1,350,000.00
		<u>\$ 19,740,267.89</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>
	\$ 5,113,478.84	\$ 362,471.96	\$ 2,659,775.48
Balance December 31, 2011			
Increased by Receipts:			
Prepaid Water-Sewer Rents	\$ 12,985.63		
Water Connection Fees	245,858.34		
Sewer Connection Fees	166,158.02		
Interest on Investments	143,808.66		
Miscellaneous Other	128,025.43		
Fire Hydrant Service	186,977.64		
Fund Balance - Utility Capital Fund	145,232.81		
Water Charges Receivable	3,924,400.31		
Sewer Charges Receivable	7,105,670.75	81,320.53	
Assessments Receivable			15,058.27
Premium on Sale of Notes			3,994.92
Connections Receivable		80,848.63	367.88
Interfunds	80,283.08		
Budget Appropriations:			
Deficits Raised		145,232.81	
Bond Anticipation Notes			299,000.00
	<u>12,139,400.67</u>	<u>307,401.97</u>	<u>318,421.07</u>
	<u>17,252,879.51</u>	<u>669,873.93</u>	<u>2,978,196.55</u>
Decreased by Disbursements:			
Budget Appropriations	10,321,883.44		
Appropriation Reserves	245,124.15		
Interfunds	128,385.91	793.72	80,422.79
Accrued Interest on Bonds and Notes	463,398.85		
Improvement Authorizations			678,508.37
Utilized in Operating Fund Budget:			
Fund Balance		150,000.00	145,232.81
Assessment Serial Bonds	<u>11,158,792.35</u>	<u>150,793.72</u>	<u>904,163.97</u>
Balance December 31, 2012	\$ 6,094,087.16	\$ 519,080.21	\$ 2,074,032.58

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH
WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

ANALYSIS OF CASH

Fund Balance	Balance Dec. 31, 2011	Receipts		Improvement Authorizations	Disbursements		Transfers From To	Balance Dec. 31, 2012
		Notes Issued	Miscellaneous		Improvement Authorizations	Miscellaneous		
Connection Fees Receivable	\$ 1,160,412.34	\$	\$ 15,058.27	\$	\$ 145,232.81	\$ 3,994.92	\$ 3,994.92	\$ 1,034,232.72
Interfunds:			3,994.92					
Current Fund								
Water-Sewer Operating Fund	64,810.80		367.88		80,422.79			(31,100.00)
Reserve for Infrastructure Contribution	320,595.00							(80,054.91)
Capital Improvement Fund								64,810.80
Improvement Authorizations:								287,195.00
Ordinance Number								
00-09, 01-15								24,027.07
General Improvements:								
Various Local Improvements and Improvements to the Sewer System	24,027.07							
Various Improvements to the Water-Sewer System	45,702.30							45,702.30
02-14, 04-31	18,095.25	50,000.00		39,729.60				28,365.65
03-10	3,508.76							3,508.76
05-20								
Various Improvements to the Water-Sewer System	23,354.92			11,758.82				11,596.10
06-22	56,769.98							56,769.98
07-15	218,610.00							218,610.00
09-17	72,102.62	4,500.00		308,683.19				(232,080.57)
10-22	378,370.45			192,423.01				185,947.44
11-21	213,550.00			117,885.52				95,664.48
12-13		244,500.00					64,500.00	309,000.00
Local Improvements:								
Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	59,865.99			8,028.23				51,837.76
07-22, 08-16	\$ 2,659,775.48	\$ 299,000.00	\$ 19,421.07	\$ 678,508.37	\$ 225,655.60	\$ 68,494.92	\$ 68,494.92	\$ 2,074,032.58

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF WATER CHARGES RECEIVABLE

Balance December 31, 2011		\$ 190,489.19
Increased by:		
Water Charges Levied		<u>4,124,401.29</u>
		4,314,890.48
Decreased by:		
Receipts:		
Consumer Accounts	\$ 3,924,400.31	
Fire Hydrant Service	186,977.64	
Prepaid Applied	<u>5,507.02</u>	
		<u>4,116,884.97</u>
Balance December 31, 2012		<u><u>\$ 198,005.51</u></u>

SCHEDULE OF SEWER CHARGES RECEIVABLE

Exhibit D-10

Balance December 31, 2011		\$ 261,236.22
Increased by:		
Sewer Charges Levied		<u>7,139,129.46</u>
		7,400,365.68
Decreased by:		
Receipts	\$ 7,105,670.75	
Prepaid Applied	<u>3,655.81</u>	
		<u>7,109,326.56</u>
Balance December 31, 2012		<u><u>\$ 291,039.12</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

Exhibit D-11

WATER-SEWER UTILITY ASSESSMENT FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2011	Collected	Balance Dec. 31, 2012	Pledged to	
								Assessment Bonds	Reserve
00-09	Various Local Improvements and Improvements to the Sewer System - East Freehold	8/27/2002	10	8/15/2002-11	\$ 2,940.48	\$ 2,940.48	\$	\$	\$
02-23	Various Local Improvements and Improvements to the Sewer System - Queen Anne	9/28/2004	10	11/15/2004-13	19,632.91	9,203.94	10,428.97	8,570.75	1,858.22
02-29	Various Local Improvements and Improvements to the Sewer System - Oak Rise	10/26/2004	10	12/01/2004-13	10,628.00	5,314.00	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	40,206.23	13,525.93	26,680.30		26,680.30
04-19, 04-20	Various Local Improvements and Improvements to the Sewer System - White Mountain	6/27/2006	10	8/01/2006-15	42,003.40	10,500.82	31,502.58		31,502.58
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	2/28/2006	10	5/01/2006-15	30,538.71	7,638.89	22,899.82		22,899.82
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	7/29/2008	10	9/01/2008-17	63,516.28	13,974.32	49,541.96		49,541.96
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	8/25/2009	10	10/15/2010-19	81,468.19	18,222.15	63,246.04		63,246.04
					\$ 290,934.20	\$ 81,320.53	\$ 209,613.67	\$ 13,884.75	\$ 195,728.92

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF RECEIVABLES

	<u>Balance Dec. 31, 2011</u>	<u>Paid in 2012</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
Connection Fees:				
Elton Adelpia	\$ 3,994.92	\$ 3,994.92	\$	\$
Queen Anne	24,768.00			24,768.00
Developers Contribution:				
Thompson Grove	<u>59,200.00</u>	<u> </u>	<u>34,200.00</u>	<u>25,000.00</u>
	<u>\$ 87,962.92</u>	<u>\$ 3,994.92</u>	<u>\$ 34,200.00</u>	<u>\$ 49,768.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2012</u>
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	326,428.10
Treatment Plant	6,201,098.58
Distribution Mains	4,210,594.56
Meters and Meters Accessories	451,511.70
Standpipes and Storage Tanks	1,046,073.45
Wells	4,156,104.20
Trucks and Equipment	145,681.22
Budgetary Purchases	1,327,719.39
Land	432,146.38
Water System and Sewer System Improvements	17,637,897.72
Sewer Collection System	5,777,373.97
Sewer Emergency Response	17,781.33
Sewer Equipment	<u>18,543.46</u>
	<u>\$ 43,523,954.06</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>		<u>Balance Dec. 31, 2012</u>
			<u>Deferred Reserve for Amortization</u>	<u>Deferred Charges to Future Revenue</u>	
	General Improvements:				
94-33	Rehabilitation of Koenig Lane and Corrosion Inhibitor Facilities	\$ 375,000.00	\$	\$	\$ 375,000.00
00-11	Various Improvements to the Water-Sewer System	1,166,000.00			1,166,000.00
02-14, 04-31	Improvements to the Water System	1,719,000.00			1,719,000.00
03-10	Improvements to the Water System	625,000.00			625,000.00
05-20	Various Improvements to the Water-Sewer System	2,023,000.00			2,023,000.00
06-22	Various Improvements to the Water-Sewer System	825,000.00			825,000.00
07-15	Various Improvements to the Water-Sewer System	300,000.00			300,000.00
09-17	Various Improvements to the Water-Sewer System	3,005,000.00			3,005,000.00
10-22	Various Improvements to the Water-Sewer System	875,000.00			875,000.00
11-21	Various Improvements to the Water-Sewer System	262,000.00			262,000.00
12-13	Various Improvements to the Water-Sewer System		33,400.00	666,600.00	700,000.00
	Local Improvements:				
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System - East Freehold	4,450,000.00			4,450,000.00
04-19, 06-40	Various Local Improvements to the Water Utility System - White Mountain	150,000.00			150,000.00
04-20	Various Local Improvements to the Sanitary Sewerage System - White Mountain	275,000.00			275,000.00
04-21	Various Local Improvements to the Sanitary Sewerage System - Eaglenest	300,000.00			300,000.00
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	525,000.00			525,000.00
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	500,000.00			500,000.00
		<u>\$ 17,375,000.00</u>	<u>\$ 33,400.00</u>	<u>\$ 666,600.00</u>	<u>\$ 18,075,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATION FUND

Exhibit D-15

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 39,407.19	\$	\$ 39,407.19	\$ (21,041.45)	\$ 60,448.64
Other Expenses	1,296,702.36	46,148.97	1,342,851.33	266,165.60	1,076,685.73
Statutory Expenditures:					
Contribution to:					
Social Security System	<u>1,418.09</u>		<u>1,418.09</u>		<u>1,418.09</u>
	<u>\$ 1,337,527.64</u>	<u>\$ 46,148.97</u>	<u>\$ 1,383,676.61</u>	<u>\$ 245,124.15</u>	<u>\$ 1,138,552.46</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, 2011	\$ 84,080.67
Increased by:	
Budget Appropriations:	
Interest on Bonds and Notes	<u>450,723.76</u>
	<u>534,804.43</u>
Decreased by:	
Disbursed	<u>463,398.85</u>
Balance December 31, 2012	\$ <u><u>71,405.58</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-17

STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Deficits Raised in Budget</u>	<u>Collections to Fund Balance</u>	<u>Balance Dec. 31, 2012</u>
00-09	Various Local Improvements and Improvements to the Sewer System - East Freehold	\$ 2,940.48	\$	\$ 2,940.48	\$
02-23, 03-33	Various Local Improvements and Improvements to the Sewer System - Queen Anne	1,858.22			1,858.22
02-42, 04-30, 05-41	Various Local Improvements and Improvements to the Sewer System - Stonehill	25,000.00	15,206.23	13,525.93	26,680.30
04-19, 04-20	Various Local Improvements and Improvements to the Sewer System - White Mountain	21,250.00	20,753.40	10,500.82	31,502.58
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	15,000.00	15,538.71	7,638.89	22,899.82
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	26,250.00	37,266.28	13,974.32	49,541.96
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	25,000.00	56,468.19	18,222.15	63,246.04
		\$ 117,298.70	\$ 145,232.81	\$ 66,802.59	\$ 195,728.92

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2011		Capital Improvement Fund	Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2012	
				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			39,729.60		322,402.30
02-14, 04-31	Improvements to the Water System	8/10/2004	1,719,000		531,145.25					491,415.65
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		23,354.92			11,758.82		321,850.00
06-22	Various Improvements to the Water-Sewer System	5/23/2006	825,000		56,769.98					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		1,927,102.62			308,683.19		1,618,419.43
10-22	Various Improvements to the Water-Sewer System	8/31/2010	875,000		754,370.45			192,423.01		561,947.44
11-21	Various Improvements to the Water-Sewer System	8/23/2011	262,000		13,550.00			117,885.52		143,664.48
12-13	Various Improvements to the Water-Sewer System	6/26/2012	700,000			33,400.00	666,600.00		33,400.00	666,600.00
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 7/29/2008	425,000 75,000		132,311.29			8,028.23		124,283.06
				\$ 93,674.90	\$ 5,097,363.11	\$ 33,400.00	\$ 666,600.00	\$ 678,508.37	\$ 101,766.08	\$ 5,110,763.56

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	\$ 320,595.00
Decreased by:	
Appropriation to Finance Improvement Authorization	<u>33,400.00</u>
Balance December 31, 2012	<u>\$ 287,195.00</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-20

Balance December 31, 2011	\$ 41,348,674.74
Increased by:	
Budget Appropriations: Serial Bonds	<u>1,035,000.00</u>
Balance December 31, 2012	<u>\$ 42,383,674.74</u>

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, 2012</u>
	General Improvements:	
94-33	Rehabilitation of Koenig Lane and Corrosion Inhibitor Facilities	\$ 18,750.00
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System	1,393,835.10
00-11	Various Improvements to the Water-Sewer System	59,000.00
02-14, 04-31	Improvements to the Water System	85,950.00
03-10	Improvements to the Water System	31,250.00
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	16,900.00
09-17	Various Improvements to the Water-Sewer System	178,500.00
10-22	Various Improvements to the Water-Sewer System	44,000.00
11-21	Various Improvements to the Water-Sewer System	14,000.00
12-13	Various Improvements to the Water-Sewer System	33,400.00
	Local Improvements:	
04-19, 06-40	Various Local Improvements to the Water Utility System	138,607.01
04-20	Various Local Improvements to the Sanitary Sewerage System	108,618.65
04-21	Various Local Improvements to the Sanitary Sewerage System	104,328.79
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System	365,604.40
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System	127,554.70
		<u>\$ 2,862,698.65</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-22

SCHEDULE OF ASSESSMENT SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Outstanding Date	Amount				
Utility Assessment Bonds	<u>10/14/2004</u>	<u>\$ 1,465,000</u>	<u>10/01/2013</u>	<u>\$ 150,000</u>	<u>4.00%</u>	<u>\$ 415,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 265,000.00</u>
			<u>10/01/2014</u>	<u>115,000</u>	<u>4.00%</u>	<u>\$ 415,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 265,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

Exhibit D-23

WATER-SEWER UTILITY CAPITAL FUND

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, 2012</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
Utility Bonds	10/14/2004	3,035,000	10/01/2013-14	4.000%	\$ 2,085,000.00	\$	\$ 1,785,000.00	\$ 300,000.00
Utility Bonds	7/26/2007	3,000,000	7/15/2013-16 7/15/2017-18 7/15/2019-22	4.125% 4.250% 4.250%	2,400,000.00		200,000.00	2,200,000.00
Utility Refunding Bonds	12/16/2009	6,580,000	9/15/2013 9/15/2014 9/15/2015-16 9/15/2017 9/15/2018 9/15/2019 9/15/2020 9/15/2021	4.000% 4.000% 4.000% 5.000% 5.000% 5.000% 3.000% 4.000%				
Utility Refunding Bonds	10/01/2012	1,680,000	10/01/2013 10/01/2014 10/01/2015 10/01/2016-18 10/01/2019 10/01/2020 10/1/2021-22 10/1/2023-24	1.500% 2.000% 3.000% 3.000% 3.000% 3.000% 3.500% 3.500%	5,545,000.00	1,680,000.00	20,000.00	1,660,000.00
					\$ 10,030,000.00	\$ 1,680,000.00	\$ 2,670,000.00	\$ 9,040,000.00
							\$ 1,035,000.00	
							1,635,000.00	
							\$ 2,670,000.00	

Paid by Budget Appropriation
Bonds Refunded

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	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increases	Decreases	Balance Dec. 31, 2012
00-09, 01-15	Various Local Improvements and Improvements to the Sewer System	12/19/2012	12/18/2013	1.00%	\$ 125,000.00	\$	\$	\$ 125,000.00
00-11	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	20,000.00		700.00	19,300.00
00-11	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	100,000.00			100,000.00
02-14, 04-31	Improvements to the Water System	12/19/2012	12/18/2013	1.00%	100,000.00			100,000.00
02-14, 04-31	Improvements to the Water System	12/19/2012	12/18/2013	1.00%		50,000.00		50,000.00
03-10	Improvements to the Water System	12/19/2012	12/18/2013	1.00%	15,000.00			15,000.00
07-15	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	55,000.00		1,900.00	53,100.00
07-15	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	230,000.00			230,000.00
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System	12/19/2012	12/18/2013	1.00%	300,000.00			300,000.00
09-17	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	825,000.00		28,500.00	796,500.00
09-17	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	175,000.00			175,000.00
09-17	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%		4,500.00		4,500.00
10-22	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	455,000.00			455,000.00
11-21	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%	200,000.00			200,000.00
12-13	Various Improvements to the Water-Sewer System	12/19/2012	12/18/2013	1.00%		275,600.00		275,600.00
					\$ 2,600,000.00	\$ 330,100.00	\$ 31,100.00	\$ 2,899,000.00
	Receipts				\$ 299,000.00			
	Interfund - Current Fund				31,100.00			
					\$ 330,100.00			

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-25

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>
	General Improvements:	
94-33	Rehabilitation of Koenig Lane and Corrosion Inhibitor Facilities	\$ 112,529.32
00-09, 01-15	Various Local Improvements and Improvements of the Sewer System	61,164.90
00-11	Various Improvements to the Water-Sewer System	276,700.00
02-14, 04-31	Improvements to the Water System	463,050.00
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	1,850,500.00
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	391,000.00
	Local Improvements:	
04-19, 06-40	Various Local Improvements to the Water Utility System - White Mountain	2,845.68
04-20	Various Local Improvements to the Sanitary Sewerage System - White Mountain	51,381.35
04-21	Various Local Improvements to the Sanitary Sewerage System - Eaglenest	70,671.21
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	159,395.60
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	72,445.30
		<u>\$ 4,413,580.67</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, 2012

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.
DONALD F. HILL, C.P.A., P.S.A.
CHI-LING LAI, C.P.A., P.S.A.
WAYNE M. SIBILIA, C.P.A., P.S.A.

Telecopier:
732-681-4033

e-mail:
antonidescpa@monmouth.com

Monmouth County Office:
2807 Hurley Pond Road
Suite 200
P.O. Box 1137
Wall, New Jersey 07719-1137
732-681-0980

Ocean County Office:
506 Hooper Avenue, Suite B
Toms River, New Jersey 08753-7704
732-914-0004

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Township of Freehold, (the "Township"), in the County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Township's financial statements, and have issued our report thereon dated July 19, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William E. Antonides and Company

Independent Auditors

Wall Township, New Jersey
July 19, 2013

TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

SECTION IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer, 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 10, 2012 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 October 23, 2012 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>
2012	22
2011	14
2010	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 2012.

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 2012.

FINDINGS/RECOMMENDATIONS

None

ACKNOWLEDGEMENT

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

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

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

* * * * *