

**TOWNSHIP OF BERKELEY**

**COUNTY OF OCEAN**

**REPORT OF AUDIT**

**DECEMBER 31, 2012**

*William E. Antonides and Company*  
Certified Public Accountants

2807 Hurley Pond Road  
Wall, NJ 07719

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

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**TOWNSHIP OF BERKELEY**

**COUNTY OF OCEAN**

**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

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Township Council  
Township of Berkeley  
Berkeley, New Jersey

**Report on Financial Statements**

We have audited the financial statements - regulatory basis of the various funds of the Township of Berkeley (the "Township"), in the County of Ocean, 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.

### ***Auditor's Responsibility (Continued)***

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 prescribed 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 accordance 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 its operations for the years then ended.

### ***Basis of Disclaimer of Opinion on Length of Service Awards Program Fund (LOSAP)***

As discussed in Note 1, the financial statements of the Length of Service Awards Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP financial statements are included in the Township's Trust Fund, and represent 19.26% and 16.52% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2012 and 2011.

### ***Disclaimer of Opinion of Length of Service Award Program Fund (LOSAP)***

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements, we do not express an opinion on the LOSAP financial statements.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township at 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 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 relate 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 November 25, 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**



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

Wall Township, New Jersey  
November 25, 2013

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**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>
<b><u>Assets</u></b>			
Cash	A-4	\$	\$ 907,207.33
Cash - Change Fund		3,510.00	3,510.00
		<u>3,510.00</u>	<u>910,717.33</u>
Due from State of New Jersey (P.L. 1971, Ch. 20)	A-1,4,5	24,815.86	61,645.95
		<u>28,325.86</u>	<u>972,363.28</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	3,267,100.40	2,439,453.93
Tax Title Liens Receivable	A-6	461,551.05	353,029.40
Property Acquired for Taxes		6,361,397.58	6,361,397.58
Revenue Accounts Receivable	A-7	12,008.84	10,871.87
Interfunds:			
Trust Other Fund	A-4	1,604.00	
Grant Fund	A-15	215,183.63	157,387.42
		<u>10,318,845.50</u>	<u>9,322,140.20</u>
Deferred Charges:			
Deficit in Operations	A-1,3	815,987.24	864,304.89
Emergency Authorization	A-3		477,722.43
Special Emergency Authorizations (40A:4-55)	A-8	6,604,815.14	435,149.52
		<u>7,420,802.38</u>	<u>1,777,176.84</u>
		<u>17,767,973.74</u>	<u>12,071,680.32</u>
<b><u>Grant Fund</u></b>			
Grants Receivable	A-16	485,786.81	588,301.05
		<u>\$ 18,253,760.55</u>	<u>\$ 12,659,981.37</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**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>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3,9	\$ 743,958.74	\$ 340,731.71
Reserve for Encumbrances	A-3,9	564,940.81	369,799.64
Cash - Deficit	A-4	1,404,733.52	
Due to Municipal Utility Authority	A-4	337.19	
Sales Tax Payable	A-4	1,729.12	2,026.87
Interfunds:			
General Capital Fund	A-4	200,000.00	
Trust Other Fund	A-4		658,720.87
Prepaid Taxes	A-4,5	827,920.42	902,410.44
Tax Overpayments	A-4,5	206,307.64	163,403.17
Reserve for Police Found Money		2,716.28	2,716.28
Reserve for Garden State Trust Fund	A-7		42,590.02
Accounts Payable	A-9	12,805.91	
County Taxes Payable	A-12	4,611.67	51,113.77
Reserve for Contractually Required Severance	A-14	71,782.09	152,128.17
Reserve for Revaluation Program	A-14	53,754.35	53,754.35
Reserve for Storm Damage	A-14	3,343,385.67	
		<u>7,438,983.41</u>	<u>2,739,395.29</u>
Reserve for Receivables and Other Assets		10,318,845.50	9,322,140.20
Fund Balance	A-1	10,144.83	10,144.83
		<u>17,767,973.74</u>	<u>12,071,680.32</u>
<b><u>Grant Fund</u></b>			
Interfund - Current Fund	A-15	215,183.63	157,387.42
Reserve for Encumbrances	A-17	4,925.37	146,670.31
Appropriated Reserves	A-17	265,677.81	284,243.32
		<u>485,786.81</u>	<u>588,301.05</u>
		<u>\$ 18,253,760.55</u>	<u>\$ 12,659,981.37</u>

There were deferred school taxes on December 31, 2012 and 2011 of \$22,726,335 and \$22,362,765, respectively (Exhibits A-10 and A-11).

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-1

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

**REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Year 2012</u></b>	<b><u>Year 2011</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$	\$ 1,090,000.00
Miscellaneous Revenue Anticipated	A-2	11,076,093.07	9,329,628.19
Receipts from Delinquent Taxes	A-2	2,467,935.05	2,442,358.66
Receipts from Current Taxes	A-2	91,663,837.36	90,613,969.43
Non-Budget Revenues	A-2	174,238.71	141,457.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	64,401.05	69,193.30
Accounts Payable Cancelled		31,961.48	
Interfund Loan Settlements			242,164.04
County Taxes - Cancelled	A-12	2.93	
Expired Tax Sale Premiums			2,000.00
Total Income		<u>105,478,469.65</u>	<u>103,930,771.32</u>
<b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		14,873,029.99	15,977,501.55
Other Expenses		18,938,401.23	12,424,542.87
Deferred Charges and Statutory Expenditures		3,753,613.25	3,880,323.61
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		267,459.44	279,613.58
Other Expenses		644,483.75	855,593.18
Capital Improvements		240,000.00	58,000.00
Municipal Debt Service		4,102,437.24	3,757,238.88
Deferred Charges		1,429,057.22	612,169.75
	A-3	<u>44,248,482.12</u>	<u>37,844,983.42</u>
Prior Year Senior Citizen Deductions Disallowed		43,495.20	109,198.36
Local District School Taxes	A-10	28,361,819.00	28,480,472.50
Regional School Taxes	A-11	19,324,838.14	19,062,049.32
County Taxes	A-12	19,968,930.23	19,917,574.24
Local Open Space Tax	A-13	512,000.00	270,891.39
Interfund Loans Advanced		59,400.21	
Prior Year Tax Appeals		32,187.51	22,778.93
Total Expenditures		<u>112,551,152.41</u>	<u>105,707,948.16</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**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>
Deficit in Revenue		\$ (7,072,682.76)	\$ (1,777,176.84)
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years	A-3	<u>6,256,695.52</u>	<u>912,871.95</u>
Deficit in Operations to be Raised in Budget			
of Succeeding Year	A	\$ <u>815,987.24</u>	\$ <u>864,304.89</u>
Fund Balance January 1	A	\$ <u>10,144.83</u>	\$ <u>1,100,144.83</u>
		<u>1,100,144.83</u>	<u>1,100,144.83</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1,2	<u>                    </u>	<u>1,090,000.00</u>
Fund Balance December 31	A	\$ <u>10,144.83</u>	\$ <u>10,144.83</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

Exhibit A-2

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 61,645.95	\$	\$ (61,645.95)
<b><u>Miscellaneous Revenues</u></b>				
Licenses:				
Alcoholic Beverages	A-7	46,375.00	46,376.00	1.00
Other	A-7	3,000.00	9,320.00	6,320.00
Fees and Permits	A-7	281,000.00	298,000.00	17,000.00
Fines and Costs:				
Municipal Court	A-7	137,500.00	177,920.12	40,420.12
Interest and Costs on Taxes	A-7	427,100.00	459,456.93	32,356.93
Interest on Investments and Deposits	A-7	25,430.00	13,999.12	(11,430.88)
Beach Admission Fees	A-7	94,000.00	91,520.00	(2,480.00)
Municipal Golf Course	A-7	650,600.00	623,395.48	(27,204.52)
Berkeley Township Board of Education - Trash	A-7	60,100.00	60,137.00	37.00
Water and Cable Franchise Fees	A-7	217,695.63	206,613.63	(11,082.00)
Hotel and Motel Occupancy Tax	A-7	25,300.00	39,910.46	14,610.46
Central Regional Board of Education - Trash	A-7	12,000.00	10,000.00	(2,000.00)
State Aid:				
Energy Receipts Tax	A-7	4,213,875.00	4,213,875.00	
Open Space PILOT	A-7	42,590.00	42,590.00	
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services	A-7	23,193.11	33,188.76	9,995.65
Berkeley Board of Education Fuel Facilities	A-7	125,000.00	113,875.11	(11,124.89)
Central Regional Board of Education Fuel Facilities	A-7	200,000.00	216,969.27	16,969.27
Fire Protection	A-7	51,500.00	52,000.00	500.00
Public and Private Programs:				
Body Armor Replacement - 2012	A-15	6,366.90	6,366.90	
Clean Communities Program	A-15	97,525.66	97,525.66	
County of Ocean - Hazmat Response Detection and Decon Exercise	A-15	7,500.00	7,500.00	
EMAA OEM Grant - FY 2011	A-15	5,000.00	5,000.00	
Green Communities Grant	A-15	3,000.00	3,000.00	
Homeland Security Grant - FY 2010	A-15	5,432.64	5,432.64	
Homeland Security Grant Program - FY 2011	A-15	23,287.00	23,287.00	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

Exhibit A-2

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):				
Public and Private Programs (Continued):				
Municipal Alliance on Alcoholism and Drug Abuse	A-15	30,000.00	30,000.00	
NJ Division of Highway Safety	A-15	\$ 4,350.00	\$ 4,350.00	\$
NJ Drunk Driving Enforcement Fund	A-15	15,554.92	15,554.92	
Ocean County Recycling Revenue Sharing Program	A-15	32,826.30	32,826.30	
Ocean County Tourism Grant	A-15	1,000.00	1,000.00	
Other Special Items:				
Berkeley Township Sewer Authority Reimbursement Bayview Park	A-7	338,627.85	452,131.00	113,503.15
FEMA Reimbursement - Hurricane Irene Event	A-7	95,797.28	43,611.23	(52,186.05)
Health Care Coverage - Employee Percentage	A-7	196,600.00	221,497.15	24,897.15
Ocean County Recycling Revenue Sharing Program		37,765.38		(37,765.38)
Ocean County Recycling Revenue Sharing Program	A-7	76,000.00	61,396.86	(14,603.14)
Open Space Trust Fund	A-7	598,550.00	598,550.00	
Proceeds Sale of Land	A-7	35,300.00	52,300.00	17,000.00
Reimbursement of COAH Administrative Fees	A-7	116,630.62	116,630.62	
Reserve for Debt Service General Capital	A-7	1,970,000.00	1,970,000.00	
Reserve for Garden State Trust	A-7	42,590.02	42,590.02	
Senior/Veteran Administration Fee	A-7	41,300.00	41,710.78	410.78
Surplus from the Berkeley Township Municipal Utility Authority	A-7	88,547.00	88,547.00	
Surplus from the Berkeley Township Sewer Authority	A-7	430,000.00	420,000.00	(10,000.00)
Uniform Fire Safety Act	A-7	27,824.06	26,138.11	(1,685.95)
Total Miscellaneous Revenues	A-1	<u>10,963,634.37</u>	<u>11,076,093.07</u>	<u>112,458.70</u>
Receipts from Delinquent Taxes	A-1,2	<u>2,516,500.00</u>	<u>2,467,935.05</u>	<u>(48,564.95)</u>
Subtotal General Revenues		13,541,780.32	13,544,028.12	2,247.80
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>26,781,762.16</u>	<u>25,464,435.32</u>	<u>(1,317,326.84)</u>
Total General Revenues		<u>40,323,542.48</u>	<u>39,008,463.44</u>	<u>(1,315,079.04)</u>
Non-Budget Revenues	A-1,4		<u>174,238.71</u>	<u>174,238.71</u>
		\$ <u>40,323,542.48</u>	\$ <u>39,182,702.15</u>	\$ <u>(1,140,840.33)</u>
	Ref.	A-3		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 3 of 3**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 91,663,837.36
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12,13	<u>68,531,157.92</u>
Balance for Support of Municipal Budget		23,132,679.44
Appropriations		23,132,679.44
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,331,755.88</u>
 Amount for Support of Municipal Budget		
Appropriations	A-2	\$ <u><u>25,464,435.32</u></u>
 Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 2,436,498.88
Tax Title Lien Collections	A-6	<u>31,436.17</u>
	A-2	\$ <u><u>2,467,935.05</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 1 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>OPERATIONS WITHIN CAPS</u></b>				
<b><u>General Government Functions</u></b>				
General Administration				
Salaries and Wages	\$ 100,170.00	\$ 100,174.15	\$ 100,174.15	
Other Expenses	41,866.00	61,657.25	60,381.20	1,276.05
Human Resources				
Salaries and Wages	28,335.00	28,335.00	28,335.00	
Other Expenses	2,232.00	4,356.63	4,356.63	
Office of the Mayor				
Salaries and Wages	8,500.00	8,499.92	8,499.92	
Other Expenses	1,900.00	856.90	856.90	
Township Council				
Salaries and Wages	56,000.00	57,322.56	57,322.56	
Other Expenses	4,512.00	3,577.00	3,577.00	
Municipal Clerk				
Salaries and Wages	268,558.33	268,558.33	268,558.33	
Other Expenses	17,409.00	17,409.00	15,101.96	2,307.04
Financial Administration				
Salaries and Wages	358,415.00	359,718.43	359,718.43	
Other Expenses	19,784.00	15,529.22	15,431.02	98.20
Contractually Required Severance Liabilities				
Other Expenses	256,695.52	256,695.52	256,695.52	
Audit Services				
Other Expenses	49,000.00	49,000.00	49,000.00	
Revenue Administration (Tax Collection)				
Salaries and Wages	313,756.00	316,402.80	316,402.80	
Other Expenses	69,369.00	83,066.56	81,572.02	1,494.54

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 2 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Tax Assessment Administration				
Salaries and Wages	\$ 241,005.00	\$ 225,785.59	\$ 225,785.59	\$
Other Expenses	14,257.00	14,498.34	14,498.34	
Legal Services				
Other Expenses	339,150.00	435,662.88	400,656.22	35,006.66
Municipal Court:				
Salaries and Wages	217,952.00	180,066.68	180,066.68	
Other Expenses	9,965.00	9,187.99	9,187.99	
Public Defender (P.L. 1997, c256)				
Other Expenses	19,000.00	19,000.00	8,560.24	10,439.76
Engineering Services				
Other Expenses	123,500.00	123,500.00	102,631.00	20,869.00
Economic Development Agencies				
Salaries and Wages	750.00	750.00	750.00	
Other Expenses	235.00	25.00	25.00	
<b><u>Land Use Administration</u></b>				
Planning Board / Director of Planning				
Other Expenses	71,250.00	143,238.08	112,726.67	30,511.41
Planning Board				
Salaries and Wages	1,200.00	525.00	525.00	
Other Expenses	26,942.00	8,912.67	7,632.67	1,280.00
Division of Zoning				
Salaries and Wages	63,917.00	63,757.08	63,757.08	
Other Expenses	2,470.00	1,032.33	1,032.33	
Zoning Board of Adjustment				
Salaries and Wages	1,500.00	1,300.00	1,300.00	
Other Expenses	30,162.00	23,767.50	23,767.50	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 3 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>Insurances</u></b>				
General Liability	\$ 1,085,000.00	\$ 1,101,305.23	\$ 1,101,305.23	\$
Workers Compensation	325,000.00	335,047.38	310,886.46	24,160.92
Employee Group Insurance	4,890,000.00	5,122,743.63	5,122,743.63	
Unemployment Insurance	45,225.00	45,225.00	45,225.00	
<b><u>Public Safety Functions</u></b>				
Police Department				
Salaries and Wages	8,586,925.00	8,223,031.35	8,223,031.35	
Other Expenses	402,220.00	402,220.00	344,696.26	57,523.74
Emergency Management				
Salaries and Wages	50,575.00	20,746.21	18,300.62	2,445.59
Other Expenses	6,317.00	6,270.82	3,270.82	3,000.00
Storm Damage-Superstorm Sandy				
Other Expenses	6,000,000.00	6,000,000.00	6,000,000.00	
Aid to Volunteer Fire Companies				
Salaries and Wages	15,000.00	15,000.00	15,000.00	
Other Expenses	205,805.00	206,918.86	205,013.07	1,905.79
First Aid Contribution				
Other Expenses	125,000.00	125,000.00	122,306.34	2,693.66
Fire Department				
Salaries and Wages	116,195.78	109,756.89	107,984.26	1,772.63
Other Expenses	12,122.00	5,425.04	4,295.10	1,129.94
Uniform Fire Safety Act (P.L. 1983, Ch. 383):				
Salaries and Wages	27,824.06	27,824.06	27,824.06	
Municipal Prosecutor:				
Other Expenses	38,000.00	39,819.50	39,819.50	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 4 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>Public Works Functions</u></b>				
Streets and Roads Maintenance:				
Salaries and Wages	\$ 430,632.00	\$ 435,209.71	\$ 435,202.62	\$ 7.09
Other Expenses	161,785.00	161,785.00	151,239.27	10,545.73
Contractual	40,000.00	38,305.55	38,305.55	
Other Public Works Functions/Signs, Maintenance				
Salaries and Wages	113,715.00	113,715.00	100,183.75	13,531.25
Other Expenses	19,000.00	19,000.00	18,571.29	428.71
Other Public Works Functions/ Building Demolition				
Other Expenses	4,750.00			
Sanitation/Solid Waste Collection:				
Salaries and Wages	1,774,044.00	1,774,044.00	1,732,053.73	41,990.27
Other Expenses	181,640.00	181,640.00	169,772.65	11,867.35
Solid Waste Collection/Recycling				
Salaries and Wages	294,415.00	294,415.00	294,415.00	
Other Expenses	21,137.00	21,137.00	16,721.23	4,415.77
Buildings and Grounds:				
Salaries and Wages	172,419.00	172,419.00	163,661.47	8,757.53
Other Expenses	70,347.00	70,347.00	67,553.71	2,793.29
Equipment Maintenance				
Salaries and Wages	238,170.00	238,170.00	238,170.00	
Other Expenses	30,067.00	30,067.00	25,761.30	4,305.70
<b><u>Health and Human Services</u></b>				
Environmental Health Services				
Salaries and Wages	600.00	525.00	525.00	
Other Expenses	475.00			

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 5 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Animal Control Services				
Salaries and Wages	\$ 131,195.22	\$ 131,815.18	\$ 131,815.18	\$
Other Expenses	11,248.00	10,057.46	10,057.46	
Contribution - Providence House (N.J.S.A. 40:23-8.17)	930.00	930.00	930.00	
Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4)	930.00	930.00	930.00	
<b><u>Parks and Recreation</u></b>				
Recreation Services and Programs				
Salaries and Wages	432,422.00	432,422.00	432,404.43	17.57
Other Expenses	56,810.00	55,878.05	53,803.79	2,074.26
Recreation Services and Programs/Golf Course				
Salaries and Wages	559,322.00	543,880.55	540,736.98	3,143.57
Other Expenses	105,925.00	104,811.20	96,584.96	8,226.24
Maintenance of Parks				
Salaries and Wages	484,445.00	484,445.00	461,009.42	23,435.58
Other Expenses	71,962.00	71,962.00	63,166.71	8,795.29
Beach and Boardwalk Operations				
Salaries and Wages	89,800.00	97,112.87	97,112.87	
Other Expenses	7,220.00	7,400.27	7,400.27	
<b><u>Utilities and Bulk Purchases</u></b>				
Utilities				
Other Expenses	533,000.00	681,717.88	600,452.21	81,265.67
Street Lighting				
Other Expenses	509,600.00	515,178.13	515,178.13	
Gasoline				
Other Expenses	700,000.00	700,000.00	646,974.93	53,025.07
Fire Hydrants				
Other Expenses	148,717.88			

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 6 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>Landfill/Solid Waste</u></b>				
Landfill/Solid Waste Disposal Costs				
Other Expenses/Tipping	\$ 1,600,000.00	\$ 1,600,000.00	\$ 1,545,669.23	\$ 54,330.77
<b><u>Code Enforcement and Administration</u></b>				
Other Code Enforcement Functions:				
Salaries and Wages	136,783.00	147,302.63	147,302.63	
Other Expenses	4,398.00	4,406.36	4,406.36	
Total Operations within Caps	<u>33,828,869.79</u>	<u>33,809,531.22</u>	<u>33,278,659.58</u>	<u>530,871.64</u>
Contingent	1,900.00	1,900.00		1,900.00
Total Operations within Caps including Contingent	<u>33,830,769.79</u>	<u>33,811,431.22</u>	<u>33,278,659.58</u>	<u>532,771.64</u>
Detail:				
Salaries and Wages	15,314,540.39	14,873,029.99	14,777,928.91	95,101.08
Other Expenses	<u>18,516,229.40</u>	<u>18,938,401.23</u>	<u>18,500,730.67</u>	<u>437,670.56</u>
 <b><u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u></b>				
<b><u>WITHIN CAPS</u></b>				
<b><u>Deferred Charges</u></b>				
Prior Year Bills:				
Reussile Law Firm, LLC	7,650.00	7,650.00	7,650.00	
Deficit in Construction Code Trust Fund	20,144.77	20,144.77	20,144.77	
<b><u>Statutory Expenditures</u></b>				
Contribution to:				
Social Security System	1,210,000.00	1,210,000.00	1,100,058.10	109,941.90
Police and Firemen's Retirement System of NJ	1,672,247.20	1,672,247.20	1,672,247.20	
Public Employee Retirement System	843,571.28	843,571.28	843,571.28	
Total Deferred Charges and Statutory Expenditures within Caps	<u>3,753,613.25</u>	<u>3,753,613.25</u>	<u>3,643,671.35</u>	<u>109,941.90</u>
Total Appropriations within Caps	<u>37,584,383.04</u>	<u>37,565,044.47</u>	<u>36,922,330.93</u>	<u>642,713.54</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 7 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>				
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))				
Salaries and Wages	\$ 154,856.00	\$ 154,856.00	\$ 107,759.93	\$ 47,096.07
Other Expenses	85,000.00	85,000.00	57,563.47	27,436.53
Recycling Enhancement Act (P.L. 2007 c.311)				
Other Expenses	20,463.99	20,463.99	16,465.96	3,998.03
<b><u>Interlocal Municipal Service Agreements</u></b>				
Ocean County Health - Animal Control				
Other Expenses	35,000.00	35,000.00	14,843.00	20,157.00
Ocean County Social Services - Relocation Expenses				
Other Expenses	2,500.00	2,500.00		2,500.00
Fire Protection - South Toms River				
Other Expenses	26,000.00	26,000.00	25,942.43	57.57
Animal Control - Pinhe Beach, South Seaside Park, Ocean Gate				
Salaries and Wages	23,779.78	23,779.78	23,779.78	
Berkeley Board of Education - Fuel				
Other Expenses	125,000.00	125,000.00	125,000.00	
Central Regional Board of Education - Fuel				
Other Expenses	200,000.00	200,000.00	200,000.00	
<b><u>Public and Private Programs Offset by Revenues</u></b>				
Body Armor Replacement 2012	6,366.90	6,366.90	6,366.90	
Clean Communities Grant				
Salaries and Wages	62,525.66	62,525.66	62,525.66	
Other Expenses	35,000.00	35,000.00	35,000.00	
County of Ocean - Hazmat Response Detection and Decon	7,500.00	7,500.00	7,500.00	
EMAA OEM Grant - FY 2011	5,000.00	5,000.00	5,000.00	
Green Communities Grant	3,000.00	3,000.00	3,000.00	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 8 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Homeland Security Grant - FY 2010	\$ 5,432.64	\$ 5,432.64	\$ 5,432.64	\$
Homeland Security Grant - FY 2011	23,287.00	23,287.00	23,287.00	
Municipal Alliance Grant - State Share				
Salaries and Wages	18,798.00	18,798.00	18,798.00	
Other Expenses	11,202.00	11,202.00	11,202.00	
Municipal Alliance Grant - Municipal Share				
Salaries and Wages	7,500.00	7,500.00	7,500.00	
NJ Division of Highway Safety	4,350.00	4,350.00	4,350.00	
NJ Drunk Driving Enforcement Fund	15,554.92	15,554.92	15,554.92	
Ocean County Recycling Revenue Sharing Program	32,826.30	32,826.30	32,826.30	
Ocean County Tourism Grant	1,000.00	1,000.00	1,000.00	
Total Operations excluded from Caps	<u>911,943.19</u>	<u>911,943.19</u>	<u>810,697.99</u>	<u>101,245.20</u>
Detail:				
Salaries and Wages	267,459.44	267,459.44	220,363.37	47,096.07
Other Expenses	<u>644,483.75</u>	<u>644,483.75</u>	<u>590,334.62</u>	<u>54,149.13</u>
 <b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>				
Capital Improvement Fund	<u>240,000.00</u>	<u>240,000.00</u>	<u>240,000.00</u>	
 <b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>				
Payment of Bond Principal	3,060,000.00	3,060,000.00	3,060,000.00	
Interest on Bonds	828,100.00	828,100.00	828,100.00	
Interest on Notes	53,479.43	72,818.00	72,818.00	
NJEIT				
Loan Repayments for Principal and Interest	141,519.24	141,519.24	141,519.24	
Total Municipal Debt Service excluded from Caps	<u>4,083,098.67</u>	<u>4,102,437.24</u>	<u>4,102,437.24</u>	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 9 of 10

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>				
Emergency Authorizations	\$ 477,722.43	\$ 477,722.43	\$ 477,722.43	\$
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	87,029.90	87,029.90	87,029.90	
Emergency Authorizations - School Deficit in Operation	864,304.89	864,304.89	864,304.89	
Total Deferred Charges excluded from Caps	<u>1,429,057.22</u>	<u>1,429,057.22</u>	<u>1,429,057.22</u>	
Total General Appropriations excluded from Caps	<u>6,664,099.08</u>	<u>6,683,437.65</u>	<u>6,582,192.45</u>	<u>101,245.20</u>
 Subtotal General Appropriations	 44,248,482.12	 44,248,482.12	 43,504,523.38	 743,958.74
Reserve for Uncollected Taxes	<u>2,331,755.88</u>	<u>2,331,755.88</u>	<u>2,331,755.88</u>	
 Total General Appropriations	 <u>\$ 46,580,238.00</u>	 <u>\$ 46,580,238.00</u>	 <u>\$ 45,836,279.26</u>	 <u>\$ 743,958.74</u>
	<u>Ref.</u>			A
Adopted Budget	A-2	\$ 40,266,566.64		
Appropriations added by 40A:4-87	A-2	56,975.84		
Special Emergency Authorizations	A-1,8	<u>6,256,695.52</u>		
		<u>\$ 46,580,238.00</u>		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 10 of 10

		<u>Expended Paid or Charged</u>
Reserve for:		
Encumbrances	A	\$ 564,940.81
Uncollected Taxes	A-2	2,331,755.88
Disbursements	A-4	35,014,486.41
Deferred Charges Raised:		
Emergency Authorizations	A	477,722.43
Deficit in Operations	A	864,304.89
Special Emergency Appropriations	A-8	87,029.90
Special Emergency Authorizations:		
Reserve for Contractually Required Severance	A-14	256,695.52
Storm Damage	A-14	6,000,000.00
Interfund - Grant Fund	A-15	<u>239,343.42</u>
	A-3	<u>\$ 45,836,279.26</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - TRUST FUND**

**Exhibit B**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Cash	B-1	\$ <u>60,608.74</u>	\$ <u>38,123.31</u>
<b><u>Other Trust Fund</u></b>			
Cash	B-1	5,897,578.10	5,937,892.01
Deficit in Reserve for Construction Code	B-1		20,144.77
Interfund - Current Fund	B-3		658,720.87
		<u>5,897,578.10</u>	<u>6,616,757.65</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited: Funds Held by Trustee	B-6	<u>1,421,568.26</u>	<u>1,316,857.69</u>
		\$ <u>7,379,755.10</u>	\$ <u>7,971,738.65</u>
<b><u>Liabilities and Reserves</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Reserve for Animal Control Trust Fund	B-2	\$ 60,600.94	\$ 36,889.11
Due to State of New Jersey		7.80	1,234.20
		<u>60,608.74</u>	<u>38,123.31</u>
<b><u>Other Trust Fund</u></b>			
Interfund - Current Fund	B-3	1,604.00	
Due to State of New Jersey		9,835.00	1,094.00
Reserve for:			
Miscellaneous Reserves	B-4	5,165,032.52	5,628,320.71
Open Space	B-5	721,106.58	987,342.94
		<u>5,897,578.10</u>	<u>6,616,757.65</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited: Funds Held by Trustee	B-6	<u>1,421,568.26</u>	<u>1,316,857.69</u>
		\$ <u>7,379,755.10</u>	\$ <u>7,971,738.65</u>

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

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL CAPITAL FUND**

**Exhibit C**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Cash	C-1	\$ 4,537,535.45	\$ 2,660,822.06
Environmental Infrastructure Trust Loan Accounts Receivable	C-2	178,136.00	1,684,297.00
Deferred Charges to Future Taxation:			
Funded	C-3	32,451,698.89	26,824,053.09
Unfunded	C-4	1,465,020.00	5,867,671.00
Interfund - Current Fund	C-9	200,000.00	
Grants Receivable	C-12	<u>1,188,500.42</u>	<u>1,174,750.42</u>
		<u>\$ 40,020,890.76</u>	<u>\$ 38,211,593.57</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Capital Improvement Fund	C-5	\$ 3,917.97	\$ 2,997.97
Reserve for Debt Service	C-6	2,400.01	2,400.01
Improvement Authorizations:			
Funded	C-7	2,493,945.93	1,389,888.71
Unfunded	C-7	1,438,489.94	3,669,835.71
Reserve for Encumbrances	C-7	2,625,609.02	1,997,547.08
Environmental Infrastructure Trust Fund Loans	C-8	2,554,333.89	2,734,880.69
Serial Bonds	C-9	29,937,000.00	23,047,000.00
Green Trust Loan Payable	C-10	965,194.00	1,042,172.40
Bond Anticipation Notes	C-11		<u>4,324,871.00</u>
		<u>\$ 40,020,890.76</u>	<u>\$ 38,211,593.57</u>

There were bonds and notes authorized but not issued on December 31, 2012 of \$1,465,020.00 (Schedule C-13).

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - PAYROLL FUND**

**Exhibit G**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Cash	\$ <u>154,430.80</u>	\$ <u>141,136.51</u>
	<u>\$ 154,430.80</u>	<u>\$ 141,136.51</u>
<b><u>Liabilities</u></b>		
Payroll Deductions Payable	<u>154,430.80</u>	<u>141,136.51</u>
	<u>\$ 154,430.80</u>	<u>\$ 141,136.51</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP**

**Exhibit H**

**REGULATORY BASIS**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 6,531,802.00	\$ 6,531,802.00
Buildings and Improvements	7,625,922.71	7,625,922.71
Machinery and Equipment	<u>25,284,436.00</u>	<u>25,284,436.00</u>
	<u>\$ 39,442,160.71</u>	<u>\$ 39,442,160.71</u>
Investment in General Fixed Assets	<u>\$ 39,442,160.71</u>	<u>\$ 39,442,160.71</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**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 Berkeley, County of Ocean, 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 volunteer fire companies 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 financial statements of the Berkeley Township Sewerage Authority and Berkeley Township Municipal Utilities Authority are reported separately.

**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 control 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. Description of Funds (Continued)

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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

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

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

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

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

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

	<b><u>Balance</u></b> <b><u>Jan. 1, 2012</u></b>	<b><u>Increase</u></b> <b><u>(Net)</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
General Fixed Assets Account Group:			
Land	\$ 6,531,802	\$	\$ 6,531,802
Buildings	7,625,923		7,625,923
Furniture, Fixtures and Equipment	<u>25,284,436</u>	_____	<u>25,284,436</u>
	<u>\$ 39,442,161</u>	<u>\$ -0-</u>	<u>\$ 39,442,161</u>
	<b><u>Balance</u></b> <b><u>Jan. 1, 2011</u></b>	<b><u>Increase</u></b> <b><u>(Net)</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>
General Fixed Assets Account Group:			
Land	\$ 6,531,802	\$	\$ 6,531,802
Buildings	7,625,923		7,625,923
Furniture, Fixtures and Equipment	<u>24,848,627</u>	<u>435,809</u>	<u>25,284,436</u>
	<u>\$ 39,006,352</u>	<u>\$ 435,809</u>	<u>\$ 39,442,161</u>

**D. Financial Statements**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets and Budgetary Accounting**

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$10,680,476 and the bank balance amount was \$12,778,743. Of this amount \$544,434 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$9,969,715. An amount of \$2,264,594 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.

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

- a. (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);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 544,434	\$ 564,064
GUDPA	9,969,715	7,168,108
Various Escrows	<u>2,264,594</u>	<u>2,407,113</u>
	\$ <u>12,778,743</u>	\$ <u>10,139,285</u>

**Custodial Credit Risk - Deposits**

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

State law limits investments as noted above.

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

**NOTE 3. DEBT**

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

**A. Long-Term Debt**

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

**General Capital Fund**

\$8,103,000 2004 Bonds due in annual installments ranging from \$690,000 to \$973,000 through 2015 at interest rates ranging from 4.00% to 4.25%	\$ 2,783,000
\$9,384,000 2006 Bonds due in annual installments ranging from \$719,000 to \$720,000 through 2020 at interest rates ranging from 4.00% to 4.50%	5,759,000
\$12,745,000 2010 Bonds due in annual installments ranging from \$500,000 to \$995,000 through 2024 at interest rates ranging from 3.00% to 4.00%	11,445,000
\$9,950,000 2012 Bonds due in annual installments ranging from \$525,000 to \$1,050,000 through 2023 at interest rates ranging from 2.125% to 3.00%	<u>9,950,000</u>
	<b>\$ <u>29,937,000</u></b>

The bonds mature serially in installments to the year 2024. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,075,000	\$ 1,021,908	\$ 4,096,908
2014	3,125,000	910,276	4,035,276
2015	3,168,000	793,769	3,961,769
2016	2,695,000	633,630	3,328,630
2017	2,720,000	531,292	3,251,292
2018-22	12,159,000	1,436,984	13,595,984
2023-24	<u>2,995,000</u>	<u>110,200</u>	<u>3,105,200</u>
	<b>\$ <u>29,937,000</u></b>	<b>\$ <u>5,438,059</u></b>	<b>\$ <u>35,375,059</u></b>

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**Green Trust Loan Programs**

During 2001, the Township closed on a Green Trust Loan in the sum of \$185,825 for the Berkeley Recreation Acquisition at an interest rate of 2%. Additionally, during 2001, the Township received proceeds from a Green Trust Loan in the amount of \$409,630 for Veterans' Park Driving Range, at an interest rate of 2%. On December 19, 2007, the Township closed on a Green Trust Loan in the sum of \$500,000 for the Toms River Park at an interest rate of 2%. On May 19, 2008, the Township closed on a Green Trust Loan in the sum of \$289,203 for Toms River Park Phase II at an interest rate of 2%

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 78,526	\$ 18,913	\$ 97,439
2014	80,104	17,335	97,439
2015	81,714	15,725	97,439
2016	83,357	14,082	97,439
2017	85,032	12,407	97,439
2018-22	327,203	39,443	366,646
2023-27	220,355	12,332	232,687
2028	<u>8,903</u>	<u>88</u>	<u>8,991</u>
	\$ <u>965,194</u>	\$ <u>130,325</u>	\$ <u>1,095,519</u>

**Environmental Infrastructure Trust Fund Loans**

During 2007, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$1,320,000 for Potters Creek. \$345,000 was funded by a trust loan with interest rates ranging from 3.40% to 5.00%. The remaining \$975,000 was funded by a fund loan with 0.00% interest. The loan matures in 2027.

During 2008, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$814,303 for storm water management, roadway and drainage improvements. \$405,000 was funded by a trust loan with interest rates ranging from 5.00% to 5.50%. The remaining \$409,303 was funded by a fund loan with 0.00% interest. The loan matures in 2021.

During 2010 the Township entered into a loan agreement funded by the New Jersey Environmental Trust in the amount of \$1,005,700 for storm water management. \$250,000 will be funded by a trust loan with interest rates ranging from 3.845% to 4.25%. The remaining \$755,700 will be funded by an interest free fund loan. The loan is payable in installments commencing August 1, 2011 and maturing on August 1, 2029.

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**Environmental Infrastructure Trust Fund Loans (Continued)**

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 178,539	\$ 39,703	\$ 218,242
2014	176,504	37,178	213,682
2015	183,024	34,638	217,662
2016	180,398	31,638	212,036
2017	177,772	28,638	206,410
2018-22	904,792	93,863	998,655
2023-27	636,456	32,988	669,444
2028-29	<u>116,849</u>	<u>2,396</u>	<u>119,245</u>
	\$ <u>2,554,334</u>	\$ <u>301,042</u>	\$ <u>2,855,376</u>

**B. Short-Term Debt**

There was no short-term debt at December 31, 2012.

**C. Bonds and Notes Authorized but not Issued**

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

	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 1,465,020	\$ 2,498,500

**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 was 0.61%. The Township's remaining borrowing power is 2.89%.

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

**NOTE 3. DEBT (CONTINUED)**

**E. Summary of Debt Service**

During 2012 and 2011 the following changes occurred in the 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 Debt:				
Serial Bonds	\$ 23,047,000	\$ 9,950,000	\$ 3,060,000	\$ 29,937,000
Bond Anticipation Notes	4,324,871		4,324,871	
Green Trust loans	1,042,172		76,978	965,194
NJEIT Loans	2,734,881		180,547	2,554,334
	<u>\$ 31,148,924</u>	<u>\$ 9,950,000</u>	<u>\$ 7,642,396</u>	<u>\$ 33,456,528</u>
	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Debt:				
Serial Bonds	\$ 25,727,000	\$	\$ 2,680,000	\$ 23,047,000
Bond Anticipation Notes		4,324,871		4,324,871
Green Trust loans	1,117,634		75,462	1,042,172
NJEIT Loans	2,909,112		174,231	2,734,881
	<u>\$ 29,753,746</u>	<u>\$ 4,324,871</u>	<u>\$ 2,929,693</u>	<u>\$ 31,148,924</u>

**NOTE 4. ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and 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 approximates \$3,678,132 and \$2,684,727 at December 31, 2012 and 2011, respectively. A reserve is maintained in the Other Trust Fund and had no balance as of December 31, 2012. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 5. FUND BALANCES APPROPRIATED**

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

	<u>2012</u>	<u>2011</u>
Current Fund	\$ -0-	\$ 61,646

**NOTE 6. TAXES COLLECTED IN ADVANCE**

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

	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 827,920	\$ 902,410

**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, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

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

**NOTE 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 charges are shown on the balance sheet of the various funds:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Required to</u> <u>be Raised as</u> <u>2013 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Years</u>
Current Fund:			
Special Emergency Authorizations (N.J.S. 40A:4-55)			
2011 Contractually Required Severance Liabilities	\$ 348,120	\$ 87,030	\$ 261,090
2012 Contractually Required Severance Liabilities	256,696	51,339	205,357
Superstorm Sandy	6,000,000	1,200,000	4,800,000
Deficit in Operations	<u>815,987</u>	<u>769,321</u>	<u>46,666</u>
	<u>\$ 7,420,803</u>	<u>\$ 2,107,690</u>	<u>\$ 5,313,113</u>

**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.

**NOTE 10. PENSION PLANS (CONTINUED)**

**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.

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.

There were no Township employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

**Other Information**

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

	2012		2011		2010	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 252,203	\$ 722,307	\$ 296,347	\$ 998,661	\$ 262,022	\$ 837,932
Accrued Liability	504,406	779,856	472,210	781,805	336,667	582,214
Total Regular Pension Contribution	<u>756,609</u>	<u>1,502,163</u>	<u>768,557</u>	<u>1,780,466</u>	<u>598,689</u>	<u>1,420,146</u>
Non-Contributory Group Life Insurance	48,205	56,331	58,371	79,817	83,024	74,495
Chapter 19, P.L. 2009 Deferred Contribution	<u>38,298</u>	<u>112,720</u>				
Total Due	<u>\$ 843,112</u>	<u>\$ 1,671,214</u>	<u>\$ 826,928</u>	<u>\$ 1,860,283</u>	<u>\$ 681,713</u>	<u>\$ 1,494,641</u>

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

## **NOTE 11. OTHER POST-EMPLOYMENT BENEFITS**

### **Plan Description**

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1990, the Township authorized participation in the SHBP's post-retirement benefit program through Resolution Number 89-256. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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

### **Funding Policy**

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

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

The Township contributions to SHBP for the years ended December 31, 2012, 2011 and 2010 were \$1,480,246, \$1,219,442 and \$1,092,387, respectively, which equaled the required contributions for each year. There were approximately 103, 89 and 84 retired participants eligible at December 31, 2012, 2011 and 2010, respectively.

## **NOTE 12. RISK MANAGEMENT**

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

**NOTE 12. RISK MANAGEMENT (CONTINUED)**

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

**NOTE 13. SCHOOL TAXES**

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

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

	<u>Local District School Tax</u>		<u>Regional School Tax</u>	
	<u>Balance December 31</u>		<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 13,569,906	\$ 13,584,954	\$ 9,156,429	\$ 8,777,811
Deferred	<u>13,569,906</u>	<u>13,584,954</u>	<u>9,156,429</u>	<u>8,777,811</u>
Tax Payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**NOTE 14. 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.

**Major Tax Assessments**

It was noted that there were no assessments in excess of 1% of the total assessed valuation during the 2012 year.

**NOTE 14. CONTINGENT LIABILITIES (CONTINUED)**

**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 15. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2012:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 216,788	\$ 200,000
Grant Fund		215,184
Trust Other Fund		1,604
Capital Fund	<u>200,000</u>	<u>          </u>
	<b><u>\$ 416,788</u></b>	<b><u>\$ 416,788</u></b>

**NOTE 16. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED**

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

**Annual Contributions** - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

**Appropriations** - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2002.

**Periodic Increases** - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

**NOTE 16. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED**  
**(CONTINUED)**

**Criteria for Eligibility; Contributions; Points** - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

**Determination as to Eligibility** - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

**Terms of Participation** - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

**Vesting** - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

**Termination of Service** - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

**Reporting Requirements** - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

**NOTE 17. SERVICE CONTRACT – UTILITY AUTHORITIES**

The Township adopted an ordinance on April 19, 1961 providing a service contract between the Township and the Berkeley Township Sewerage Authority and also adopted an ordinance on February 16, 1988 providing a service contract between the Township and the Berkeley Township Utilities Authority. The contracts, among other things, obligates the Township to pay to the Authorities such sums of money as may be necessary to provide for deficits which result from failure of the Authorities to provide adequate revenues from their operations.

**NOTE 18. SUBSEQUENT EVENT**

During 2013 the Township authorized the issuance of \$5,758,693 in general improvement bonds or notes to finance various capital improvements.

**TOWNSHIP OF BERKELEY**

**COUNTY OF OCEAN**

**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>1.862</u>	\$ <u>1.813</u>	\$ <u>1.819</u>
Apportionment of Tax Rate			
Municipal	.523	.503	.500
Municipal Open Space	.009	.005	.005
County	.379	.374	.379
Local School District	.553	.550	.551
Regional School District	.384	.367	.370
County Open Space	.014	.014	.014
Assessed Valuation			
2012	\$ 5,120,333,460		
2011		\$ 5,147,145,433	
2010			\$ 5,181,066,605

**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	\$ 95,340,610	\$ 91,663,837	96.14%
2011	93,556,484	90,613,969	96.85%
2010	94,445,148	91,457,924	96.83%

**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	\$ 461,551	\$ 3,267,100	\$ 3,728,651	3.91%
2011	353,029	2,439,454	2,792,483	2.98%
2010	208,883	2,465,165	2,674,048	2.83%

## 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	\$ 6,361,398
2011	6,361,398
2010	6,361,398

## COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding</u>
<u>Current Fund</u>		
2012	\$ 10,145	\$ -0-
2011	10,145	61,646
2010	1,100,145	1,090,000
2009	318,180	555,000
2008	1,102,816	1,050,000

## SUMMARY OF MUNICIPAL DEBT

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued and Outstanding</u>			
General:			
Bonds, Notes and Loans	\$ 33,456,528	\$ 31,148,924	\$ 29,753,746
Less Deductions:			
Open Space Trust (N.J.S.A. 40A:2-44(h))	<u>1,048,301</u>	<u>1,115,828</u>	<u>1,184,728</u>
Net Debt Issued	<u>32,408,227</u>	<u>30,033,096</u>	<u>28,569,018</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>1,465,020</u>	<u>2,498,500</u>	<u>3,319,171</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>33,873,247</u>	\$ <u>32,531,596</u>	\$ <u>31,888,189</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 0.61%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 15,565,000	\$ 15,565,000	\$ -0-
Regional School District Debt	2,176,761	2,176,761	-0-
General Debt	<u>34,921,548</u>	<u>1,048,301</u>	<u>33,873,247</u>
	<u>\$ 52,663,309</u>	<u>\$ 18,790,062</u>	<u>\$ 33,873,247</u>

Net Debt \$33,873,247 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$5,579,354,247 = 0.61%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 195,277,399
Net Debt	<u>33,873,247</u>
Remaining Borrowing Power	\$ <u>161,404,152</u>

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

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**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2012:

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount of Bond</u></b>
Carmen F. Amato, Jr. Frederick C. Ebenau	Mayor Administrator, Chief Financial Officer	\$ 100,000
Beverly M. Carle	Township Clerk	
John A. Bacchione	Council at Large	
Robert G. Ray	Council at Large	
Lloyd Thomas Grosse	Council at Large	
James J. Byrnes	Council Ward 1 - Council President	
Kevin M. Askew	Council Ward 2	
Judith L. Noonan	Council Ward 3 - Council Vice President	
Frances R. Siddons	Council Ward 4	
James J. Gluck	Municipal Court Judge	38,000 *
Aileen Alonzo	Municipal Court Administrator	38,000 *
Geraldine Dorso	Tax Collector	442,000
George R. Gilmore, Esq.	Township Attorney	

A Public Employee Dishonesty Blanket Bond covering municipal employees in the amount of \$250,000 was in effect with the Garden State Municipal Joint Insurance Fund. This bond is subject to deductibles based upon other required coverages.

\* Municipal Court Blanket Bond

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$	907,207.33
Increased by Receipts:			
Prepaid Taxes	\$	827,920.42	
Tax Overpayments		239,202.36	
State of New Jersey (Ch. 20, P.L. 1971)		2,085,539.01	
Miscellaneous Revenue not Anticipated		174,238.71	
Sales Tax Payable		13,322.75	
Taxes Receivable		91,041,186.71	
Tax Title Liens Receivable		31,436.17	
Revenue Accounts Receivable		10,801,659.63	
Due to Municipal Utility Authority		235,778.98	
Interfunds:			
General Capital Fund		200,000.00	
Grant Fund		334,357.66	
			<u>105,984,642.40</u>
			<u>106,891,849.73</u>
Decreased by Disbursements:			
Tax Overpayments Refunded		163,950.43	
Due to Municipal Utility Authority		235,441.79	
Encumbrances Payable		9,189.65	
Sales Tax Payable		13,620.50	
Budget Appropriations		35,014,486.41	
Appropriation Reserves		592,173.26	
County Taxes Payable		20,015,429.40	
Regional School Tax		19,324,838.14	
Local School District Tax		28,361,819.00	
Municipal Open Space Tax		512,000.00	
Spending Reserves		2,993,655.93	
Interfunds:			
Other Trust Funds		660,324.87	
Grant Fund		399,653.87	
			<u>108,296,583.25</u>
Balance December 31, 2012 - (Deficit)		\$	<u><u>(1,404,733.52)</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-5

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance	2012 Levy	Added Amounts	Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance
	Dec. 31, 2011			2011	2012				Dec. 31, 2012
2008	\$ 4,383.76	\$	\$	\$ 4,383.76	\$	\$	\$	\$	\$
2009	5,690.63			5,690.63					
2010	23,301.38			2,839.21		1,500.00		5,502.04	13,460.13
2011	2,406,078.16	21,548.86	46,536.39	51,621.37	2,370,463.91		9,963.63		42,114.50
	<u>2,439,453.93</u>	<u>21,548.86</u>	<u>46,536.39</u>	<u>64,534.97</u>	<u>2,370,463.91</u>	<u>1,500.00</u>	<u>9,963.63</u>	<u>5,502.04</u>	<u>55,574.63</u>
2012		95,340,610.22		902,410.44	88,670,722.80	2,090,704.12	123,993.74	341,253.35	3,211,525.77
	<u>\$ 2,439,453.93</u>	<u>\$ 95,362,159.08</u>	<u>\$ 46,536.39</u>	<u>\$ 966,945.41</u>	<u>\$ 91,041,186.71</u>	<u>\$ 2,092,204.12</u>	<u>\$ 133,957.37</u>	<u>\$ 346,755.39</u>	<u>\$ 3,267,100.40</u>

**Analysis of 2012 Property Tax Yield and Tax Levy**

Tax Yield:

General Purpose Tax

\$ 95,340,610.22  
21,548.86

Added and Omitted Taxes

\$ 95,362,159.08

Tax Levy:

Local District School Tax (Abstract)

\$ 28,346,771.00  
19,703,456.69

Regional School Tax (Abstract)

County Taxes:

County Tax (Abstract)

\$ 16,713,893.82

County Library Tax (Abstract)

1,894,999.98

County Health Tax (Abstract)

685,594.20

County Open Space Tax (Abstract)

669,830.56

Due County for Added and Omitted Taxes

4,611.67

19,968,930.23

Total County Taxes

Local Open Space Tax

512,000.00

Local Tax for Municipal Purposes

26,781,762.16

Add: Additional Tax Levied

49,239.00

27,343,001.16

\$ 95,362,159.08

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-6**

**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2011		\$ 353,029.40
Increased by:		
Transfers from Taxes Receivable	\$ 133,957.37	
Interest and Costs Accrued at Tax Sale	<u>6,000.45</u>	
		<u>139,957.82</u>
		492,987.22
Decreased by:		
Receipts		<u>31,436.17</u>
Balance December 31, 2012		\$ <u><u>461,551.05</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Exhibit A-7

Sheet 1 of 2

	<u>Balance Dec. 31, 2011</u>	<u>Accrued in 2012</u>	<u>Collections</u>	<u>Balance Dec. 31, 2012</u>
Licenses:				
Alcoholic Beverages	\$	\$ 46,376.00	\$ 46,376.00	\$
Other		9,320.00	9,320.00	
Fees and Permits		298,000.00	298,000.00	
Fines and Costs:				
Municipal Court	10,871.87	179,057.09	177,920.12	12,008.84
Interest on Investments and Deposits		13,999.12	13,999.12	
Interest and Costs on Taxes		459,456.93	459,456.93	
Beach Admission Fees		91,520.00	91,520.00	
Municipal Golf Course		623,395.48	623,395.48	
Berkeley Township Board of Education - Trash		60,137.00	60,137.00	
Water and Cable Franchise Fees		206,613.63	206,613.63	
Hotel and Motel Occupancy Tax		39,910.46	39,910.46	
Central Regional Board of Education - Trash		10,000.00	10,000.00	
State Aid:				
Energy Receipts Tax		4,213,875.00	4,213,875.00	
Garden State Trust Fund		42,590.00	42,590.00	
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services		33,188.76	33,188.76	
Fire Protection		52,000.00	52,000.00	
Berkeley Board of Education Fuel Facilities		113,875.11	113,875.11	
Central Regional Board of Education Fuel Facilities		216,969.27	216,969.27	
Other Special Items:				
Uniform Fire Safety Act		26,138.11	26,138.11	
Proceeds from Land Sale		52,300.00	52,300.00	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Exhibit A-7

Sheet 2 of 2

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u> <u>in 2012</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Other Special Items:				
Reimbursement of COAH Administrative Fees	\$	\$ 116,630.62	\$ 116,630.62	\$
Health Care Coverage - Employee Percentage		221,497.15	221,497.15	
Reserve for Garden State Trust		42,590.02	42,590.02	
FEMA Reimbursement - Hurricane Irene Event		43,611.23	43,611.23	
Reserve for Debt Service General Capital		1,970,000.00	1,970,000.00	
Open Space Trust Fund		598,550.00	598,550.00	
Ocean County Recycling Revenue Sharing Program		61,396.86	61,396.86	
Surplus from the Berkeley Township Sewer Authority		420,000.00	420,000.00	
Berkeley Township Sewer Authority Reimbursement Bayview Park		452,131.00	452,131.00	
Surplus from the Berkeley Township Municipal Utility Authority		88,547.00	88,547.00	
Senior/Veteran Administration Fee		41,710.78	41,710.78	
	<u>\$ 10,871.87</u>	<u>\$ 10,845,386.62</u>	<u>\$ 10,844,249.65</u>	<u>\$ 12,008.84</u>
Receipts			\$ 10,801,659.63	
Reserve for:				
Garden State Trust Fund			<u>42,590.02</u>	
			<u>\$ 10,844,249.65</u>	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-8**

**SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55**

<b><u>Date</u></b>	<b><u>Improvement Description</u></b>	<b><u>Net Amount</u></b> <b><u>Authorized</u></b>	<b><u>1/5 of</u></b> <b><u>Net Amount</u></b> <b><u>Authorized</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>2012</u></b> <b><u>Authorization</u></b>	<b><u>2012 Budget</u></b> <b><u>Appropriation</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
11/14/2011	Contractually Required Severance	\$ 435,149.52	\$ 87,029.90	\$ 435,149.52	\$	\$ 87,029.90	\$ 348,119.62
12/11/2012	Contractually Required Severance	256,695.52	51,339.10		256,695.52		256,695.52
12/31/2012	Superstorm Sandy	6,000,000.00	1,200,000.00		6,000,000.00		6,000,000.00
				\$ 435,149.52	\$ 6,256,695.52	\$ 87,029.90	\$ 6,604,815.14

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**SCHEDULE OF APPROPRIATION RESERVES**

Exhibit A-9

Sheet 1 of 4

	<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>
<b><u>OPERATIONS WITHIN CAPS</u></b>					
<b><u>General Government Functions</u></b>					
General Administration					
Other Expenses	\$ 7.54	\$ 3,535.32	\$ 3,542.86	\$ 2,551.10	\$ 991.76
Municipal Clerk					
Salaries and Wages	2,308.36		2,308.36		2,308.36
Other Expenses	800.00	1,475.34	2,275.34	1,368.30	907.04
Financial Administration					
Other Expenses		833.88	833.88	485.89	347.99
Audit Services					
Other Expenses	47,760.00		47,760.00	45,760.00	2,000.00
Revenue Administration (Tax Collection)					
Other Expenses	15,565.78	1,778.91	17,344.69	15,551.50	1,793.19
Tax Assessment Administration					
Other Expenses		241.61	241.61	227.57	14.04
Legal Services					
Other Expenses	4,516.46	2,000.00	6,516.46	6,506.46	10.00
Municipal Court:					
Other Expenses		478.50	478.50	253.50	225.00
Public Defender (P.L. 1997, c256)					
Other Expenses		100.00	100.00		100.00
Engineering Services					
Other Expenses	7,140.09	15,284.75	22,424.84	22,274.84	150.00
<b><u>Land Use Administration</u></b>					
Planning Board / Director of Planning					
Other Expenses		12,607.50	12,607.50	12,607.50	
Planning Board					
Other Expenses		7,336.00	7,336.00	7,336.00	
Zoning Board of Adjustment					
Other Expenses		2,239.96	2,239.96	2,238.96	1.00
<b><u>Insurances</u></b>					
General Liability		250.00	250.00	250.00	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF APPROPRIATION RESERVES**

Sheet 2 of 4

	<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>
<b><u>Public Safety Functions</u></b>					
Police Department					
Salaries and Wages	\$ 1,500.00	\$	\$ 1,500.00	\$	\$ 1,500.00
Other Expenses	20,735.65	108,356.83	127,092.48	124,066.22	3,026.26
Emergency Management					
Other Expenses		728.66	728.66	728.66	
Aid to Volunteer Fire Companies					
Other Expenses		31,776.67	31,776.67	31,648.18	128.49
Fire Department					
Other Expenses		21,873.42	21,873.42	21,733.42	140.00
Municipal Prosecutor:					
Other Expenses		2,910.00	2,910.00	2,910.00	
<b><u>Public Works Functions</u></b>					
Streets and Roads Maintenance:					
Other Expenses		27,043.37	27,043.37	23,811.39	3,231.98
Contractual		30.69	30.69	8.98	21.71
Other Public Works Functions/ Signs, Maintenance					
Other Expenses		4,441.51	4,441.51	4,389.85	51.66
Sanitation/Solid Waste Collection:					
Other Expenses		23,114.56	23,114.56	22,942.38	172.18
Solid Waste Collection/Recycling					
Other Expenses		3,705.49	3,705.49	3,689.60	15.89
Buildings and Grounds:					
Other Expenses		9,485.92	11,485.92	11,456.54	29.38
Animal Control Services					
Other Expenses		499.00	499.00	499.00	
<b><u>Parks and Recreation</u></b>					
Recreation Services and Programs					
Other Expenses	.30	3,013.41	3,013.71	3,013.71	
Recreation Services and Programs/Golf Course					
Other Expenses	50.21	5,981.05	6,031.26	2,788.15	3,243.11
Maintenance of Parks					
Other Expenses		6,544.55	6,544.55	4,213.70	2,330.85

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF APPROPRIATION RESERVES**

Sheet 3 of 4

	<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>
<b><u>Utilities and Bulk Purchases</u></b>					
Utilities					
Other Expenses	\$ 37.49	\$ 19,903.37	\$ 19,940.86	\$ 15,548.75	\$ 4,392.11
Street Lighting					
Other Expenses		398.77	398.77		398.77
Gasoline					
Other Expenses	161.70	5.31	167.01	5.31	161.70
<b><u>Code Enforcement and Administration</u></b>					
Other Code Enforcement Functions:					
Other Expenses		150.52	150.52	129.91	20.61
Total Operations within Caps	<u>100,583.58</u>	<u>318,124.87</u>	<u>418,708.45</u>	<u>390,995.37</u>	<u>27,713.08</u>
Contingent	1,699.06		1,699.06	1,525.16	173.90
Total Operations within Caps including Contingent	<u>102,282.64</u>	<u>318,124.87</u>	<u>420,407.51</u>	<u>392,520.53</u>	<u>27,886.98</u>
<b><u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u></b>					
<b><u>WITHIN CAPS</u></b>					
<b><u>Deferred Charges</u></b>					
Prior Year Bills:					
University Rehabilitation Associates - December 2008	600.00		600.00		600.00
JCP&L - September 2006	.03		.03		.03
<b><u>Statutory Expenditures</u></b>					
Contribution to:					
Social Security System	<u>1,386.27</u>		<u>1,386.27</u>		<u>1,386.27</u>
Total Deferred Charges and Statutory Expenditures within Caps	<u>1,986.30</u>		<u>1,986.30</u>		<u>1,986.30</u>
Total Appropriations within Caps	<u>104,268.94</u>	<u>318,124.87</u>	<u>422,393.81</u>	<u>392,520.53</u>	<u>29,873.28</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**SCHEDULE OF APPROPRIATION RESERVES**

Exhibit A-9

Sheet 4 of 4

	<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>
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>					
Length of Service Awards Program (N.J.A.C. 5:30-14.25)					
Other Expenses	\$ 220,000.00	\$	\$ 220,000.00	\$ 201,935.00	\$ 18,065.00
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))					
Other Expenses		1,398.64	1,398.64	1,398.64	
Recycling Enhancement Act (P.L. 2007 c.311)					
Other Expenses	508.32	4,700.00	5,208.32	4,700.00	508.32
<b><u>Interlocal Municipal Service Agreements</u></b>					
Ocean County Health - Animal Control					
Other Expenses	13,454.45		13,454.45		13,454.45
Ocean County Social Services-Relocation Expenses					
Other Expenses	2,500.00		2,500.00		2,500.00
Fire Protection - South Toms River					
Other Expenses		4,425.00	4,425.00	4,425.00	
Total Operations excluded from Caps	<u>236,462.77</u>	<u>10,523.64</u>	<u>246,986.41</u>	<u>212,458.64</u>	<u>34,527.77</u>
Total General Appropriations	<u>\$ 340,731.71</u>	<u>\$ 328,648.51</u>	<u>\$ 669,380.22</u>	<u>\$ 604,979.17</u>	<u>\$ 64,401.05</u>
Disbursed				\$ 592,173.26	
Accounts Payable				<u>12,805.91</u>	
				<u>\$ 604,979.17</u>	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-10**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2011	
School Tax Deferred	\$ 13,584,954.01
Increased by:	
Levy for School Year July 1, 2012	
to June 30, 2013	<u>28,346,771.00</u>
	41,931,725.01
Decreased by:	
Disbursements	<u>28,361,819.00</u>
Balance December 31, 2012:	
School Tax Deferred	\$ <u><u>13,569,906.01</u></u>
<b><u>2012 Charge to Operations for Regional School Tax</u></b>	
Balance December 31, 2011 - School Tax Deferred	\$ 13,584,954.01
Add: 2012-2013 School Tax Levy	28,346,771.00
Less: Ending Balance December 31, 2012 - School Tax Deferred	<u>(13,569,906.01)</u>
Amount Charged to 2012 Operations	\$ <u><u>28,361,819.00</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-11**

**SCHEDULE OF REGIONAL SCHOOL TAX**

Balance December 31, 2011: School Tax Deferred	\$ 8,777,810.71
Increased by: Levy for School Year July 1, 2012 to June 30, 2013	<u>19,703,456.69</u> 28,481,267.40
Decreased by: Disbursements	<u>19,324,838.14</u>
Balance December 31, 2012: School Tax Deferred	\$ <u><u>9,156,429.26</u></u>
<b><u>2012 Charge to Operations for Regional School Tax</u></b>	
Balance December 31, 2011 - School Tax Deferred	\$ 8,777,810.71
Add: 2012-2013 School Tax Levy	19,703,456.69
Less: Ending Balance December 31, 2012 - School Tax Deferred	<u>(9,156,429.26)</u>
Amount Charged to 2012 Operations	\$ <u><u>19,324,838.14</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-12**

**SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2011		\$ 51,113.77
2012 Tax Levy:		
County Tax (Abstract)	\$ 16,713,893.82	
County Library Tax (Abstract)	1,894,999.98	
County Health Tax (Abstract)	685,594.20	
County Open Space Tax (Abstract)	669,830.56	
Due County for Added and Omitted Taxes	<u>4,611.67</u>	
		<u>19,968,930.23</u>
		<u>20,020,044.00</u>
Decreased by:		
Disbursements	20,015,429.40	
Cancelled to Operations	<u>2.93</u>	
		<u>20,015,432.33</u>
Balance December 31, 2012		\$ <u><u>4,611.67</u></u>

**SCHEDULE OF MUNICIPAL OPEN SPACE TAX**

**Exhibit A-13**

Increased by:		
Levy Calendar Year 2012		\$ 512,000.00
Decreased by:		
Disbursements		\$ <u><u>512,000.00</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-14

**SCHEDULE OF SPENDING RESERVES**

<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>2012 Authorization</u></b>	<b><u>Expended</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
Contractually Required Severance	\$ 152,128.17	\$	\$ 152,128.17	\$
Revaluation	53,754.35			53,754.35
Contractually Required Severance		256,695.52	184,913.43	71,782.09
Storm Damage - Superstorm Sandy		<u>6,000,000.00</u>	<u>2,656,614.33</u>	<u>3,343,385.67</u>
	<u>\$ 205,882.52</u>	<u>\$ 6,256,695.52</u>	<u>\$ 2,993,655.93</u>	<u>\$ 3,468,922.11</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2011 - Due From		\$ 157,387.42
Increased by:		
Appropriated Reserve Expenditures:		
Disbursements	\$ 399,653.87	
2012 Revenue Anticipated	<u>231,843.42</u>	
		<u>631,497.29</u>
Decreased by:		<u>788,884.71</u>
Deposited in Current Fund:		
Grants Receivable	334,357.66	
2012 Budget Appropriations	<u>239,343.42</u>	
		<u>573,701.08</u>
Balance December 31, 2012 - Due From		\$ <u><u>215,183.63</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-16**

**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

**GRANT FUND**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Revenue</u>	<u>Realized</u>	<u>Balance Dec. 31, 2012</u>
Bayville First Aid Squad - Replace Emergency Generator	\$ 571.00	\$	\$	\$ 571.00
Berkeley Township OEM EOC Renovation	105,000.00			105,000.00
BERT - Emergency Worker Decon Center	232.82			232.82
Body Armor Grant - 2012		6,366.90	6,366.90	
Clean Communities Program		97,525.66	97,525.66	
County of Ocean - Hazmat Response		7,500.00	6,125.67	1,374.33
EMAA Allocation - FY 2011		5,000.00	5,000.00	
Green Communities	1,338.11			1,338.11
Green Communities Grant - 2013		3,000.00		3,000.00
Homeland Security Grant - FY 2007	12,533.99			12,533.99
Homeland Security Grant - FY 2009	119,702.00		117,337.41	2,364.59
Homeland Security Grant - FY 2009	32,700.00			32,700.00
Homeland Security Grant - FY 2009 Additional		5,432.64		5,432.64
Homeland Security Grant - FY 2011		23,287.00		23,287.00
Municipal Alcohol Education Rehabilitation Program - 2009	20.81			20.81
Municipal Alliance on Alcoholism and Drug Abuse - 2010	4.07			4.07
Municipal Alliance on Alcoholism and Drug Abuse - 2011	18,232.40		18,222.90	9.50
Municipal Alliance on Alcoholism and Drug Abuse - 2012		30,000.00	11,349.00	18,651.00
NJ DCA - Smart Future Grant	30,000.00			30,000.00
NJ Department of Law and Public Safety - 966 Grant	1,913.73			1,913.73
NJ Department of Law and Public Safety - 966 Grant - FY 2010	10,885.11			10,885.11
NJ Department of Law and Public Safety - 966 Grant - FY 2011	7,040.00			7,040.00
NJ Department of Law and Public Safety - 966 Grant - FY 2012	20,544.40		19,698.90	845.50
NJ Drunk Driving Enforcement		15,554.92	15,554.92	
NJ Economic Development Authority Public Entity Grant	186,663.00			186,663.00
Ocean County Tourism Grant		1,000.00		1,000.00
Planning Assistance Grant	40,000.00			40,000.00
Recycling Tonnage Grant - 2010		32,826.30	32,826.30	
State Homeland Security	919.61			919.61
State of NJ Division of Highway Safety		4,350.00	4,350.00	
	<u>\$ 588,301.05</u>	<u>\$ 231,843.42</u>	<u>\$ 334,357.66</u>	<u>\$ 485,786.81</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-17

**SCHEDULE OF APPROPRIATED RESERVES**

Sheet 1 of 2

**GRANT FUND**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>Transfer from 2012 Budget Appropriation</b>	<b>Reserve for Encumbrances</b>	<b>Expended</b>	<b>Balance Dec. 31, 2012</b>
Bayville First Aid Squad - Emergency Generator	\$	\$	\$ 571.00	\$ 571.00	\$
Berkeley Township OEM EOC Renovation	105,000.00				105,000.00
Body Armor Fund - 2008	4,969.23		1,520.00	5,417.49	1,071.74
Body Armor Grant - 2011	6,123.69				6,123.69
Body Armor Grant - 2012		6,366.90			6,366.90
Body Armor Replacement Program	93.01				93.01
Body Armor Replacement Program - 2008	3,308.82			2,325.00	983.82
Body Armor Replacement Program - 2009	2,282.51				2,282.51
Body Armor Replacement Program - 2010	6,098.14				6,098.14
Bullet Proof Vest Grant - 2005	400.11				400.11
Clean Communities Program		97,525.66		97,399.80	125.86
Clean Communities Program Grant - 2009	57.11				57.11
Clean Communities Program Grant - 2009	.25				.25
Click It or Ticket	400.00				400.00
County of Ocean - Hazmat Response		7,500.00		6,125.67	1,374.33
Department of Justice - Bullet Proof Vest Grant - 2008	3,260.64				3,260.64
Department of Justice - Bullet Proof Vest Grant - 2008	5,643.74				5,643.74
Drunk Driving Enforcement Grant - 2004	2,507.33			297.00	2,210.33
Drunk Driving Enforcement Grant - 2005	772.40			559.50	212.90
Drunk Driving Enforcement Grant - 2008	1,280.00			1,280.00	
EMAA Allocation - FY 2010	5,000.00				5,000.00
EMAA Allocation - FY 2011		5,000.00			5,000.00
Emergency Management Assistance - FY 2008	5,000.00				5,000.00
Emergency Management Assistance - FY 2009	5,000.00				5,000.00
Green Communities Grant - 2013		3,000.00			3,000.00
Homeland Security Grant - 2004	287.56				287.56
Homeland Security Grant - FY 2007	306.53				306.53
Homeland Security Grant - FY 2007	7,809.10		707.36	707.36	7,809.10
Homeland Security Grant - FY 2009	2,364.59				2,364.59
Homeland Security Grant - FY 2009 Additional		5,432.64		5,432.64	
Homeland Security Grant - FY 2010	15,445.55		1,068.00	15,199.97	1,313.58
Homeland Security Grant - FY 2011		23,287.00			23,287.00

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-17

**SCHEDULE OF APPROPRIATED RESERVES**

Sheet 2 of 2

**GRANT FUND**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Transfer from 2012 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>
Municipal Alliance - 2009	\$ 56.00	\$	\$	\$	\$ 56.00
Municipal Alliance - 2010	3.76				3.76
Municipal Alliance - 2011	40.92		242.09	277.82	5.19
Municipal Alliance - 2012		30,000.00		29,984.79	15.21
Municipal Alliance - Local Share	1,139.25				1,139.25
Municipal Alliance - Local Share		7,500.00		7,469.33	30.67
NJ 966 Grant - FY 2010	8,331.94		1,398.93	9,722.91	7.96
NJ 966 Grant - FY 2011	7,040.00				7,040.00
NJ 966 Reimbursement Program - FY 2012	20,544.40			19,806.90	737.50
NJ Department of Law and Public Safety - 966 Grant	69.63		500.00	320.00	249.63
NJ Drunk Driving Enforcement		15,554.92		1,706.45	13,848.47
NJEDA - Public Entity Grant	29,932.68		77.81	18,266.99	11,743.50
Ocean County Tourism Grant		1,000.00			1,000.00
Phase Two Bayville Volunteer Company	297.74				297.74
Planning Assistance Grant	4,076.66				4,076.66
Recycling Tonnage Grant	247.59		28,184.79	28,125.51	306.87
Recycling Tonnage Grant - 2006	62.64				62.64
Recycling Tonnage Grant - 2008	489.35			155.52	333.83
Recycling Tonnage Grant - 2009	267.09				267.09
Recycling Tonnage Grant - 2009	9,816.63		19,100.33	28,864.15	52.81
Recycling Tonnage Grant - 2010		32,826.30		12,193.94	20,632.36
State Homeland Security Grant Phase 2-015	831.26				831.26
State of NJ Departmet of Health and Senior Services Hepatitis B	4,335.00			2,935.00	1,400.00
State of NJ Division of Highway Safety		4,350.00		4,350.00	
Sustainable Jersey Small Grant - 2011	5,000.00			5,000.00	
Tourism Grant	1,000.00				1,000.00
U. S. Department of Energy	7,250.47		93,300.00	100,084.50	465.97
	<u>\$ 284,243.32</u>	<u>\$ 239,343.42</u>	<u>\$ 146,670.31</u>	<u>\$ 404,579.24</u>	<u>\$ 265,677.81</u>
Paid by Current Fund				\$ 399,653.87	
Reserve for Encumbrances				<u>4,925.37</u>	
				<u>\$ 404,579.24</u>	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**TRUST FUND**

**Exhibit B-1**

**SCHEDULE OF CASH - TREASURER**

	<b><u>Animal Control Trust Fund</u></b>		<b><u>Other Trust Fund</u></b>
Balance December 31, 2011	\$ 38,123.31		\$ 5,937,892.01
Increased by Receipts:			
Animal Control License Fees	\$ 36,816.20		
Miscellaneous Reserves		\$ 3,982,458.54	
Construction Code Deficit Raised		20,144.77	
Reserve For Open Space		512,313.64	
Due to State of New Jersey	5,662.80	53,560.00	
Interfund - Current Fund		312,548.91	
	<u>42,479.00</u>		<u>4,881,025.86</u>
	<u>80,602.31</u>		<u>10,818,917.87</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	13,104.37		
Miscellaneous Reserves		4,446,260.79	
Reserve for Open Space		180,059.43	
Due to State of New Jersey	6,889.20	44,819.00	
Interfund - Current Fund		250,200.55	
	<u>19,993.57</u>		<u>4,921,339.77</u>
Balance December 31, 2012	<u>\$ 60,608.74</u>		<u>\$ 5,897,578.10</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**ANIMAL CONTROL TRUST FUND**

Exhibit B-2

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL**

**TRUST FUND EXPENDITURES**

Balance December 31, 2011	\$ 36,889.11
Increased by:	
Animal Control License Fees Collected	<u>36,816.20</u>
	73,705.31
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>13,104.37</u>
Balance December 31, 2012	<u>\$ 60,600.94</u>

**License and Penalty Fees Collected**

<u>Year</u>	<u>Amount</u>
2011	\$ <u>39,335.40</u>
2010	<u>38,040.80</u>
	<u>\$ 77,376.20</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-3**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Balance December 31, 2011 - Due From		\$ 658,720.87
Increased by:		
Disbursements	\$ 250,200.55	
Reserve for Open Space	59.43	
Miscellaneous Reserves	<u>514.06</u>	
		<u>250,774.04</u>
		909,494.91
Decreased by:		
Receipts	312,548.91	
Reserve for Open Space	<u>598,550.00</u>	
		<u>911,098.91</u>
Balance December 31, 2012 - (Due To)		\$ <u><u>(1,604.00)</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-4**

**SCHEDULE OF MISCELLANEOUS RESERVES**

Balance December 31, 2011		\$ 5,628,320.71
Increased by:		
Receipts	\$ 3,982,458.54	
Deposited in Current Fund	<u>514.06</u>	
		<u>3,982,972.60</u>
		<u>9,611,293.31</u>
Decreased by:		
Disbursements		<u>4,446,260.79</u>
Balance December 31, 2012		<u><u>\$ 5,165,032.52</u></u>

**Analysis of Balance**

Reserve for:		\$	
Law Enforcement			27,835.62
Allied Risk Management (PMA)			23,029.12
Sanitary Landfill			12,934.19
Unemployment Compensation			8,358.73
Construction Code			21,301.45
Tree Inspection Fees			2,706.03
Tax Map Maintenance			657.80
Developer Application Review			56,546.95
Recreation Fees Trust			33,066.13
Founders Day (Special Events Activities)			14,989.50
Drainage Improvements			164,262.87
Affordable Housing			879,549.42
Uniform Fire Safety Act - Penalty Monies			6,600.66
Fire Prevention Donations			7,251.33
Street Opening			4,133.00
DARE			16,400.80
Developers Road Impact			80,680.25
Public Defender			517.98
Tax Sale Premium			919,015.00
POAA			764.28
Third Party Liens			246,133.04
Foreclosures			11,112.88
Developers Escrow			2,111,981.88
Outside Employment - Off Duty Police			25,147.47
Inspection Fees - Grading			20,818.72
Planning/Zoning Board Escrow			100,239.59
Recreation - Developer Contributions			39,500.00
Reserve for ABC			63.00
Tree Planting			1,017.02
Municipal Alliance Donations			6,218.14
Disposal of Forfeited Property			3,813.51
Inspection Holly Park			3,141.84
Reserve for Berkeley Estates			<u>315,244.32</u>
		\$	<u><u>5,165,032.52</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-5**

**SCHEDULE OF RESERVE FOR OPEN SPACE**

Balance December 31, 2011		\$ 987,342.94
Increased by:		
2012 Tax Levy - Open Space	\$ 512,000.00	
Interfund - Current Fund	59.43	
Interest on Deposits	313.64	
		<u>512,373.07</u>
		1,499,716.01
Decreased by:		
Anticipated as 2012 Current Fund Revenue	598,550.00	
Disbursements	180,059.43	
		<u>778,609.43</u>
Balance December 31, 2012		\$ <u>721,106.58</u>

**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE**

**AWARDS PROGRAM (LOSAP) - UNAUDITED**

**Exhibit B-6**

Balance December 31, 2011		\$ 1,316,857.69
Increased by:		
Contributions	\$ 197,198.00	
Interest Earned	10,229.01	
Gain/Loss	120,601.22	
Adjustments	385.61	
		<u>328,413.84</u>
		1,645,271.53
Decreased by:		
Distributions		<u>223,703.27</u>
Balance December 31, 2012		\$ <u>1,421,568.26</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-1**

**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2011		\$ 2,660,822.06
Increased by:		
General Serial Bonds Issued	\$ 9,750,000.00	
EIT Loan Proceeds Receivable	1,506,161.00	
Budget Appropriation:		
Capital Improvement Fund	240,000.00	
Grants Receivable	<u>286,250.00</u>	
		<u>11,782,411.00</u>
		<u>14,443,233.06</u>
Decreased by Disbursements:		
Improvement Authorizations	3,610,826.61	
Reserve for Debt Service Utilized as		
Current Fund Revenue	1,970,000.00	
Bond Anticipation Notes	<u>4,324,871.00</u>	
		<u>9,905,697.61</u>
Balance December 31, 2012		\$ <u><u>4,537,535.45</u></u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-2

**ANALYSIS OF CAPITAL CASH**

	Balance Dec. 31, 2011	Receipts		Disbursements			Transfers		Balance Dec. 31, 2012	
		Budget Appropriation	Serial Bonds Issued	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From		To
Capital Improvement Fund	\$ 2,997.97	\$ 240,000.00					\$ 239,080.00		\$ 3,917.97	
Grants Receivable	(1,174,750.42)			286,250.00			300,000.00		(1,188,500.42)	
EIT Loan Proceeds Receivable	(1,684,297.00)			1,506,161.00					(178,136.00)	
Ordinance 09-11 - Reserve for Notes Issued to Fund EIT Loan Receivable	1,005,700.00					1,005,700.00			1,004,829.00	
Ordinance 09-11 - Proceeds from Bond Sale Overfunding			1,004,829.00						(200,000.00)	
Interfund - Current Fund-Serial Bond Proceeds							200,000.00		(200,000.00)	
Reserve for Encumbrances	1,997,547.08						1,997,547.08	2,625,609.02	2,625,609.02	
Reserve for Debt Service	2,400.01						1,970,000.00	1,970,000.00	2,400.01	
<b>Ordinance Number</b>										
<b>Improvement Description</b>										
01-03							9,814.45	9,814.45		
05-04	73.58				(66,277.76)		66,351.34			
06-31	258,325.86				(73,582.09)		144,464.48	788.87	188,232.34	
07-13	665.31				(179,346.55)		191,449.86	11,438.00		
07-26										
							77.96	77.96		
08-10	495,082.52				365,077.48		121,134.05	9,391.47	18,262.46	
09-11, 09-26	1,650,877.51		1,039,171.00		348,498.01	1,039,171.00	1,343,721.85	295,088.36	253,746.01	
10-31	691,327.55		2,280,000.00		518,051.22	2,280,000.00	727,706.26	527,899.87	(26,530.06)	
10-396 - Resolution	4,245.65				224,988.00		4,245.65	224,988.00		
11-18	(609,162.84)		2,498,500.00		2,195,970.53		376,636.73	918,060.10	234,790.00	
11-189A - Resolution	19,789.28				19,789.28					
12-14			2,927,500.00		257,658.49		1,610,006.39	739,080.00	1,798,915.12	
	<u>\$ 2,660,822.06</u>	<u>\$ 240,000.00</u>	<u>\$ 9,750,000.00</u>	<u>\$ 1,792,411.00</u>	<u>\$ 3,610,826.61</u>	<u>\$ 4,324,871.00</u>	<u>\$ 1,970,000.00</u>	<u>\$ 7,332,236.10</u>	<u>\$ 7,332,236.10</u>	<u>\$ 4,537,535.45</u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2011		\$ 26,824,053.09
Increased by:		
Improvement Costs Funded by:		
Serial Bonds Issued		<u>8,945,171.00</u>
		35,769,224.09
Decreased by:		
Principal Reductions:		
Serial Bonds	\$ 3,060,000.00	
NJEIT Loans	180,546.80	
Green Trust Loans	<u>76,978.40</u>	
		<u>3,317,525.20</u>
Balance December 31, 2012		\$ <u><u>32,451,698.89</u></u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-4

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Balance Dec. 31, 2011</b>	<b>2012 Authorizations</b>	<b>Funded by Serial Bonds</b>	<b>Balance Dec. 31, 2012</b>	<b>Analysis of Balance Dec. 31, 2012</b>	
						<b>Expended Balance</b>	<b>Unexpended Balance</b>
<u>09-11, 09-26</u>	Various Capital Improvements	\$ 1,039,171.00	\$	\$ 1,039,171.00	\$	\$	\$
10-31	Various Capital Improvements	2,330,000.00		2,280,000.00	50,000.00	26,530.06	23,469.94
11-18	Various Capital Improvements	2,498,500.00		2,498,500.00			
12-14	Various Capital Improvements		4,542,520.00	3,127,500.00	1,415,020.00		1,415,020.00
		<u>\$ 5,867,671.00</u>	<u>\$ 4,542,520.00</u>	<u>\$ 8,945,171.00</u>	<u>\$ 1,465,020.00</u>	<u>\$ 26,530.06</u>	<u>\$ 1,438,489.94</u>
	General Serial Bonds Issued			\$ 9,950,000.00			
	Less:						
	Excess General Serial Bonds Issued ( Ordinance 09-11, 09-26)			(1,004,829.00)			
				<u>\$ 8,945,171.00</u>			

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-5**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	\$	2,997.97
Increased by:		
Budget Appropriation		<u>240,000.00</u>
		242,997.97
Decreased by:		
Appropriations to Finance Improvement Authorizations		<u>239,080.00</u>
Balance December 31, 2012	\$	<u><u>3,917.97</u></u>

**SCHEDULE RESERVE FOR DEBT SERVICE**

**Exhibit C-6**

Balance December 31, 2011	\$	2,400.01
Increased by:		
Cancelled Improvement Authorizations - Funded		<u>1,970,000.00</u>
		1,972,400.01
Decreased by:		
Utilized as Current Fund Anticipated Revenue		<u>1,970,000.00</u>
Balance December 31, 2012	\$	<u><u>2,400.01</u></u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-7

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Reserve for Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2012	
				Funded	Unfunded					Funded	Unfunded
01-03	Various Capital Improvements	3/13/2001	\$ 1,744,800.00	\$	\$	\$	\$ 9,814.45	\$ 9,814.45	\$	\$	\$
05-04	Various Capital Improvements	2/22/2005	3,721,829.00	73.58				(66,277.76)	66,351.34		
06-31	Various Capital Improvements	5/23/2006	5,849,102.00	258,325.86			788.87	(18,386.05)	89,268.44	188,232.34	
07-13	Various Capital Improvements	4/10/2007	5,500,773.00	665.31			11,438.00	(167,908.55)	180,011.86		
07-26	Removal, Closure, Disposal and Replacement of Tanks and Site Remediation	10/09/2007	562,557.15				77.96	77.96			
08-10	Various Capital Improvements	4/09/2008	5,162,510.00	495,082.52			9,391.47	373,757.88	112,453.65	18,262.46	
08-31	Various Water Well acquisitions and Installation										
09-11, 09-26	Various Capital Improvements	4/28/2009	6,209,795.00	611,706.51	1,039,171.00		295,088.36	838,218.38	854,001.48	253,746.01	
10-31	Various Capital Improvements	10/12/2010	2,650,000.00		741,327.55		527,899.87	582,089.90	663,667.58		23,469.94
10-396 - Resolution	Various Capital Improvements	N/A		4,245.65			224,988.00	224,988.00	4,245.65		
11-18	Various Capital Improvements	7/12/2011	2,941,418.00		1,889,337.16		918,060.10	2,572,607.26		234,790.00	
11-189A - Resolution	Acquisition of Fire Vehicle	N/A		19,789.28				19,789.28			
12-14	Various Capital Improvements	7/20/2012	5,081,600.00			5,081,600.00		1,867,664.88		1,798,915.12	1,415,020.00
				<u>\$ 1,389,888.71</u>	<u>\$ 3,669,835.71</u>	<u>\$ 5,081,600.00</u>	<u>\$ 1,997,547.08</u>	<u>\$ 6,236,435.63</u>	<u>\$ 1,970,000.00</u>	<u>\$ 2,493,945.93</u>	<u>\$ 1,438,489.94</u>
	Deferred Charges - Unfunded					\$ 4,542,520.00					
	Grants Receivable					300,000.00					
	Capital Improvement Fund					239,080.00					
						<u>\$ 5,081,600.00</u>					
	Disbursements							\$ 3,610,826.61			
	Reserve for Encumbrances							<u>2,625,609.02</u>			
								<u>\$ 6,236,435.63</u>			

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-8**

**SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE**

<b><u>Purpose</u></b>	<b><u>Year Issued</u></b>	<b><u>Original Issue</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>Decreases</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
NJ Fund Loan	2007	\$ 975,000.00	0.00%	\$ 805,828.32	\$ 52,527.56	\$ 753,300.76
NJ Trust Loan	2007	345,000.00	3.40% to 5.00%	310,000.00	15,000.00	295,000.00
NJ Fund Loan	2008	409,303.00	0.00%	332,394.72	34,593.83	297,800.89
NJ Trust Loan	2008	405,000.00	5.00% to 5.50%	355,000.00	30,000.00	325,000.00
NJ Fund Loan	2010	250,000.00	3.845% to 4.260%	240,000.00	38,425.41	201,574.59
NJ Trust Loan	2010	755,700.00	0.00%	691,657.65	10,000.00	681,657.65
				<u>\$ 2,734,880.69</u>	<u>\$ 180,546.80</u>	<u>\$ 2,554,333.89</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-9

**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Issued for Cash	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Date	Amount					
General Obligation Bonds	4/15/2001	\$ 6,285,000.00				\$ 710,000.00			
General Obligation Bonds	5/15/2004	8,103,000.00	5/15/2013	880,000.00	4.000%				
			5/15/2014	930,000.00	4.125%				
			5/15/2015	973,000.00	4.250%	3,613,000.00		830,000.00	2,783,000.00
General Obligation Bonds	7/01/2006	9,384,000.00	7/01/2013	720,000.00	4.250%				
			7/01/2014-19	720,000.00	4.500%				
			7/01/2020	719,000.00	4.500%	6,479,000.00		720,000.00	5,759,000.00
General Obligation Bonds	1/07/2010	12,745,000.00	1/15/13-18	950,000.00	3.000%				
			1/15/2019	950,000.00	3.250%				
			1/15/2020	950,000.00	3.500%				
			1/15/2021	950,000.00	3.625%				
			1/15/2022	950,000.00	3.750%				
			1/15/2023	950,000.00	4.000%				
			1/15/2024	995,000.00	4.000%	12,245,000.00		800,000.00	11,445,000.00
General Obligation Bonds	10/11/2012	9,950,000.00	10/15/2013-15	525,000.00	3.000%				
			10/15/2016	1,025,000.00	2.250%				
			10/15/2017-20	1,050,000.00	2.000%				
			10/15/2021	1,050,000.00	2.125%				
			10/15/2022	1,050,000.00	2.250%				
			10/15/2023	1,050,000.00	3.000%				
							9,950,000.00		9,950,000.00
						\$ 23,047,000.00	\$ 9,950,000.00	\$ 3,060,000.00	\$ 29,937,000.00

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-10

**SCHEDULE OF GREEN TRUST LOANS PAYABLE**

<u>Purpose</u>	<u>Year</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding Dec. 31, 2012</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Recreation Acquisition	2001	\$ 185,825.17	5/01/2013 to 11/01/2017					
			Level Debt Payments	\$ 7,001.07	2.00%	\$ 78,797.91	\$ 12,488.37	\$ 66,309.54
Veterans' Park Driving Range	2001	409,630.28	4/26/2013 to 4/26/2021					
			Level Debt Payments	16,845.81	2.00%	290,186.12	28,027.34	262,158.78
Toms River Park	2008	500,000.00	3/21/2013 to 3/21/2027					
			Level Debt Payments	15,880.75	2.00%	421,511.33	23,447.92	398,063.41
Toms River Park Phase II	2008	289,202.77	2/19/2013 to 2/19/2028					
			Level Debt Payments	8,991.78	2.00%	251,677.04	13,014.77	238,662.27
						<u>\$ 1,042,172.40</u>	<u>\$ 76,978.40</u>	<u>\$ 965,194.00</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-12**

**SCHEDULE OF GRANTS RECEIVABLE**

<b><u>Ordinance Number</u></b>	<b><u>Description</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>Grants Utilized</u></b>	<b><u>Received</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
06-31	NJ DEP Green Acres - Bayview Park	\$ 86,625.00	\$	\$	\$ 86,625.00
09-29, 09-11	NJ DEP Green Acres - Manitou Park	116,250.00			116,250.00
08-10	NJ DOT - Virginia and Hoover Avenues	39,207.42			39,207.42
09-29, 09-11	NJ DOT - Pleasant Drive	71,250.00		71,250.00	
09-29, 09-11	U.S. Department of Justice - Digital Video	500,000.00			500,000.00
10-31	NJ DOT - Road Improvements	50,000.00		50,000.00	
11-18	NJ DOT - Prince Charles Drive and 22nd Street	220,000.00		165,000.00	55,000.00
11-18	CDBG - Brankebury Drive	50,000.00			50,000.00
11-18	US Department of Homeland Security - FEMA	41,418.00			41,418.00
12-14	CDBG - Chesterfield Lane		50,000.00		50,000.00
12-14	NJ DOT - Road Improvements		250,000.00		250,000.00
		<u>\$ 1,174,750.42</u>	<u>\$ 300,000.00</u>	<u>\$ 286,250.00</u>	<u>\$ 1,188,500.42</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-13

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
10-31	Various Capital Improvements	\$ 50,000.00
12-14	Various Capital Improvements	<u>1,415,020.00</u>
		<u>\$ 1,465,020.00</u>

**TOWNSHIP OF BERKELEY**

**COUNTY OF OCEAN**

**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

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

Honorable Mayor and Members  
of the Township Council  
Township of Berkeley  
Berkeley, 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 Berkeley, (the "Township"), in the County of Ocean, 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 November 25, 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*. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Township dated November 25, 2013.

### **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  
November 25, 2013

**TOWNSHIP OF BERKELEY**

**COUNTY OF OCEAN**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

An audit of the financial accounts and transactions of the Township of Berkeley, in the County of Ocean, 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 governing body, 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. Township's bid threshold was \$36,000 for the year under audit.

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

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

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

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

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

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

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

### Collection of Interest on Delinquent Taxes and Delinquent Water Rents

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 February 8, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

1. The collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$10,000 and remains in arrears beyond December 31<sup>st</sup>, and additional penalty of 6% shall be charged against the delinquency, except that the rate of interest to be fixed and charged for the non-payment of third quarterly tax payment due August 1, 2012 shall not be assessed until after twenty-five (25) days from the date of mailing of said third quarter tax bills.
2. This Resolution shall not alter the past practice of the Township in so far as payment of any installments made within the tenth calendar day following the date upon which the tax of assessment is due and payable, except for the quarterly real estate tax payment due August 1, 2012.
3. Effective January 1, 2012 there will be a ten (10) day grace period of quarterly tax payments made by check, cash or money order.
4. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of the resolution.

The governing body on November 13, 2012 passed the following resolution authorizing interest to be charged on delinquent taxes and assessments:

The tax collector is hereby authorized and directed to charge 5% per annum on the first \$1,500 of taxes becoming delinquent after the due date and 10% per annum on amount of taxes in excess of \$1,500 becoming delinquent after the due date.

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

## **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on October 3, 2012 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	255
2011	219
2010	113

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

## **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 examination.

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 District and Regional taxes by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2012.

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

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

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

**FOLLOW-UP OF PRIOR YEAR FINDINGS**

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Finding 11-02 was not corrected in 2012 and appears as Finding 12-02 for the period under audit. Finding 11-01 regarding tax billing adjustments, Finding 11-03 regarding manual journal entries, Finding 11-04 regarding non-cash journal entries and Finding 11-05 regarding overexpenditure of Construction Trust Fund Dedicated Reserve were addressed in 2012.

**FINDINGS/RECOMMENDATIONS**

**Tax Collector**

Our examination of tax transactions on a test check basis indicated the following:

**12-01 Finding** - A 2011 Post-Tax Year Senior Citizen Deduction Register was not available for audit examination. Our auditing procedures applied on a test check basis indicated instances where the 2011 Post-Tax Year statements not filed were also not subsequently disallowed as required.

**Recommendation** - That a Post-Tax Year Senior Citizen Deduction Register be available for audit examination and also that Post-Tax Year Senior Citizen statements not received be disallowed.

**Payroll**

Our examination of Payroll transactions on a test check basis indicated the following discrepancies:

**12-02 Finding** - Payroll cash reconciliations were not performed in a timely manner.

**Recommendation** - That payroll cash reconciliations be performed in a timely manner.

**Tax Assessor's Office**

**12-03 Finding** - Our examination of the Senior Citizen Deduction Applications on a test check basis indicated several instances where support for the deduction given was not available for audit examination.

**Recommendation** - That internal control procedures be enhanced to insure that the support for Senior Citizen Deduction Applications are available for audit examination

**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 and resultant recommendations, 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 or recommendations, or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.

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