

TOWNSHIP OF BERKELEY

COUNTY OF OCEAN

REPORT OF AUDIT

DECEMBER 31, 2011

WILLIAM E. ANTONIDES AND COMPANY
Certified Public Accountants

506 Hooper Avenue, Suite B
Toms River, NJ 08753

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

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YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

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

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

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Township have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Township's financial statements. However, the LOSAP financial activities are included in the Township's Trust Funds, and represent 16.52% and 16.26% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Township's Trust Funds.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township as a whole. The accompanying supplementary schedules, the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular Letter A-133, *Audits of States, Local Government and Non-Profit Organizations*, and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. The Schedule of Expenditures of Federal Awards is the responsibility of management and was 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

William E. Antonides and Company
Independent Auditors



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

July 27, 2012

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2011 AND 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Assets</u> | | | |
| Cash | A-4 | \$ 907,207.33 | \$ 3,058,223.98 |
| Cash - Change Fund | | 3,510.00 | 3,600.00 |
| | | <u>910,717.33</u> | <u>3,061,823.98</u> |
| Due from State of New Jersey (P.L. 1971, Ch. 20) | A-1,4,5 | 61,645.95 | |
| | | <u>972,363.28</u> | <u>3,061,823.98</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-5 | 2,439,453.93 | 2,465,165.04 |
| Tax Title Liens Receivable | A-6 | 353,029.40 | 208,882.78 |
| Property Acquired for Taxes | | 6,361,397.58 | 6,361,397.58 |
| Penalty on Delinquent Taxes | | | 16,306.82 |
| Debris Clean Up Receivable | | | 13,157.90 |
| Revenue Accounts Receivable | A-7 | 10,871.87 | 8,990.27 |
| Interfunds: | | | |
| General Capital Fund | A-14, C | | 704.79 |
| Animal Control Trust Fund | A-14 | | 43.04 |
| Trust Other Fund | A-14 | | 29,325.35 |
| Payroll Fund | A-14 | | 115,985.59 |
| Grant Fund | A-15 | 157,387.42 | 253,492.69 |
| | | <u>9,322,140.20</u> | <u>9,473,451.85</u> |
| Deferred Charges: | | | |
| Deficit in Operations | A-1 | 864,304.89 | |
| Emergency Authorization | A-3 | 477,722.43 | |
| Special Emergency Authorizations (40A:4-55) | A-8 | 435,149.52 | 290,000.00 |
| | | <u>1,777,176.84</u> | <u>290,000.00</u> |
| | | <u>12,071,680.32</u> | <u>12,825,275.83</u> |
| <u>Federal and State Grant Fund</u> | | | |
| Grants Receivable | A-16 | 588,301.05 | 719,076.89 |
| | | <u>\$ 12,659,981.37</u> | <u>\$ 13,544,352.72</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, 2011 AND 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Appropriation Reserves | A-3,9 | \$ 340,731.71 | \$ 392,865.93 |
| Reserve for Encumbrances | A-3,9 | 369,799.64 | 232,922.81 |
| Reserve for Contractually Required Severance | | 152,128.17 | |
| Reserve for Garden State Trust Fund | | 42,590.02 | 42,590.02 |
| Reserve for Police Found Money | A-4 | 2,716.28 | |
| Due to Municipal Utility Authority | A-4 | | 126.57 |
| Special Emergency Note Payable | A-4 | | 290,000.00 |
| Prepaid Taxes | A-4 | 902,410.44 | 1,037,481.89 |
| Sales Tax Payable | A-4 | 2,026.87 | 1,057.82 |
| Tax Overpayments | A-4,5 | 163,403.17 | 129,901.39 |
| Due to State of New Jersey (P.L. 1971, Ch. 20) | A-4,5 | | 16,429.00 |
| County Taxes Payable | A-12 | 51,113.77 | 46,708.12 |
| Revaluation Program | | 53,754.35 | 61,595.60 |
| Interfund - Trust Other Fund | A-14, B | 658,720.87 | |
| | | <u>2,739,395.29</u> | <u>2,251,679.15</u> |
| Reserve for Receivables and Other Assets | | 9,322,140.20 | 9,473,451.85 |
| Fund Balance | A-1 | 10,144.83 | 1,100,144.83 |
| | | <u>12,071,680.32</u> | <u>12,825,275.83</u> |
| <u>Federal and State Grant Funds</u> | | | |
| Interfund - Current Fund | A-15 | 157,387.42 | 253,492.69 |
| Reserve for Encumbrances | A-17 | 146,670.31 | 20,947.12 |
| Appropriated Reserves | A-17 | 284,243.32 | 384,443.95 |
| Unappropriated Reserves | A-18 | | 60,193.13 |
| | | <u>588,301.05</u> | <u>719,076.89</u> |
| | | <u>\$ 12,659,981.37</u> | <u>\$ 13,544,352.72</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 1 of 2

REGULATORY BASIS

| | <u>Ref.</u> | <u>Year 2011</u> | <u>Year 2010</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | A-2 | \$ 1,090,000.00 | \$ 555,000.00 |
| Fund Balance Utilized with Prior Consent of Director of Local Government Services | | | 17,200.00 |
| Miscellaneous Revenue Anticipated | A-2 | 9,329,628.19 | 10,819,807.07 |
| Receipts from Delinquent Taxes | A-2 | 2,442,358.66 | 1,950,725.29 |
| Receipts from Current Taxes | A-2 | 90,613,969.43 | 91,457,924.47 |
| Non-Budget Revenues | A-2 | 141,457.70 | 173,280.20 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-9 | 69,193.30 | 217,033.10 |
| Accounts Payable Cancelled | | | 5,853.56 |
| Interfund Loan Settlements | | 242,164.04 | |
| Expired Tax Sale Premiums | A-14 | 2,000.00 | |
| Grant Fund Balances Cancelled | | | 18,277.89 |
| Total Income | | <u>103,930,771.32</u> | <u>105,215,101.58</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations within Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 15,977,501.55 | 15,867,903.28 |
| Other Expenses | | 12,424,542.87 | 11,872,946.18 |
| Deferred Charges and Statutory Expenditures | | 3,880,323.61 | 2,501,643.54 |
| Budget Appropriations excluded from Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 279,613.58 | 257,220.00 |
| Other Expenses | | 855,593.18 | 2,279,153.88 |
| Capital Improvements | | 58,000.00 | 196,000.00 |
| Municipal Debt Service | | 3,757,238.88 | 3,742,958.25 |
| Deferred Charges | | 612,169.75 | 290,000.00 |
| | A-3 | <u>37,844,983.42</u> | <u>37,007,825.13</u> |
| Prior Year Senior Citizen Deductions Disallowed | | 109,198.36 | 38,157.52 |
| Local District School Taxes | A-10 | 28,480,472.50 | 27,461,502.99 |
| Regional School Taxes | A-11 | 19,062,049.32 | 18,615,138.36 |
| County Taxes | A-12 | 19,917,574.24 | 20,369,848.72 |
| Local Open Space Tax | A-13 | 270,891.39 | 270,830.29 |
| Interfund Loans Advanced | | | 77,149.18 |
| Prior Year Tax Appeals | | 22,778.93 | |
| Refund Prior Year Revenue | | | 20,484.75 |
| Total Expenditures | | <u>105,707,948.16</u> | <u>103,860,936.94</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 2011</u> | <u>Year 2010</u> |
|--|--------------------|-------------------------|-------------------------|
| Excess in Revenue | | \$ | \$ |
| Deficit in Revenue | | (1,777,176.84) | 1,354,164.64 |
| Adjustments to Income Before Fund Balance: | | | |
| Expenditures Included Above Which are by | | | |
| Statute Deferred Charges to Budgets of | | | |
| Succeeding Years | A-3 | 912,871.95 | 1,354,164.64 |
| Statutory Excess to Fund Balance | | | |
| Deficit in Operations to be Raised in Budget | | | |
| of Succeeding Year | A | \$ 864,304.89 | |
| Fund Balance January 1 | A | \$ 1,100,144.83 | 318,180.19 |
| | | 1,100,144.83 | 1,672,344.83 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1,2 | 1,090,000.00 | 572,200.00 |
| Fund Balance December 31 | A | \$ 10,144.83 | \$ 1,100,144.83 |

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 | <u>A-1</u> | <u>\$ 1,090,000.00</u> | <u>\$ 1,090,000.00</u> | <u>\$</u> |
| <u>Miscellaneous Revenues</u> | | | | |
| Licenses | | | | |
| Alcoholic Beverages | A-7 | 46,350.00 | 46,376.00 | 26.00 |
| Other | A-7 | 4,000.00 | 3,012.00 | (988.00) |
| Fees and Permits | A-7 | 290,500.00 | 281,197.90 | (9,302.10) |
| Fines and Costs | | | | |
| Municipal Court | A-7 | 154,200.00 | 137,839.99 | (16,360.01) |
| Interest and Costs on Taxes | A-7 | 382,975.00 | 427,178.01 | 44,203.01 |
| Interest on Investments and Deposits | A-7 | 37,900.00 | 26,675.35 | (11,224.65) |
| Beach Admission Fees | A-7 | 98,225.00 | 94,081.00 | (4,144.00) |
| Municipal Golf Course | A-7 | 675,150.00 | 650,606.91 | (24,543.09) |
| Berkeley Township Board of Education - Trash | A-7 | 65,600.00 | 60,137.00 | (5,463.00) |
| Water and Cable Franchise Fees | A-7 | 206,075.95 | 206,075.95 | |
| Hotel and Motel Occupancy Tax | A-7 | 25,800.00 | 25,399.40 | (400.60) |
| Central Regional Board of Education - Trash | A-7 | 10,000.00 | 20,000.00 | 10,000.00 |
| State Aid: | | | | |
| Energy Receipts Tax | A-7 | 4,213,875.00 | 4,213,875.00 | |
| Garden State Trust Fund | A-7 | 42,590.00 | 42,590.00 | |
| Special Items of Revenue: | | | | |
| Interlocal Services Agreements: | | | | |
| Animal Control Services | A-7 | 23,193.11 | 21,307.21 | (1,885.90) |
| Fire Protection | A-7 | 25,500.00 | | (25,500.00) |
| Berkeley Board of Education Fuel Facilities | A-7 | 100,000.00 | 154,870.10 | 54,870.10 |
| Central Regional Board of Education Fuel Facilities | A-7 | 150,000.00 | 259,885.70 | 109,885.70 |
| Federal and State Revenues Off-Set with Appropriations: | | | | |
| Clean Communities Program | A-16 | 99,202.47 | 99,202.47 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-16 | 30,000.00 | 30,000.00 | |
| FY 09 Homeland Security Grant Program | A-16 | 32,700.00 | 32,700.00 | |
| FY 2011 NJ Department of Law and Public Safety - 966 Grant | A-16 | 7,040.00 | 7,040.00 | |
| Recycling Tonnage Grant 2009 | A-16 | 28,916.96 | 28,916.96 | |
| Recycling Tonnage Grant 2008 | A-16 | 45,190.61 | 45,190.61 | |
| Body Armor Replacement Fund Program | A-16 | 6,098.14 | 6,098.14 | |

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 2 of 3

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|-------------------------------|-------------------------|--------------------------------|
| Special Items of Revenue (Continued): | | | | |
| Federal and State Revenues Off-Set with Appropriations (Continued): | | | | |
| Bullets Proof Vest | A-16 | \$ 8,904.38 | \$ 8,904.38 | \$ |
| State of N.J. Dept of Health and Senior Services | A-16 | 5,000.00 | 5,000.00 | |
| Hepatitis B Reimbursement | A-16 | 5,000.00 | 5,000.00 | |
| 2011 Sustainable Jersey Small Grant | A-16 | 1,000.00 | 1,000.00 | |
| Tourism Grant | A-16 | 20,544.40 | 20,544.40 | |
| FY 12 NJ Dept of Law and Public Safety 966 | A-16 | 6,123.69 | 6,123.69 | |
| 2011 Body Armor Grant | A-16 | 5,000.00 | 5,000.00 | |
| Other Special Items: | | | | |
| Uniform Fire Safety Act | A-7 | 27,824.06 | 29,978.31 | 2,154.25 |
| Proceeds Sale of Land | A-7 | 40,000.00 | 53,760.00 | 13,760.00 |
| Reserve for Debt Service General Capital | A-7 | 751,688.25 | 751,688.25 | |
| Ocean County Recycling | A-7 | 76,555.29 | 76,555.36 | .07 |
| Senior/Veteran Administration Fee | A-7 | 46,000.00 | 41,332.46 | (4,667.54) |
| Health Care Coverage-Employee Percentage | A-7 | 270,000.00 | 196,683.65 | (73,316.35) |
| Refuge Revenue Sharing Act | A-7 | 3,834.00 | 3,834.00 | |
| FEMA Reimbursement-February Storm | A-7 | 37,262.65 | 37,262.65 | |
| FEMA Reimbursement-December Storm | A-7 | 311,719.34 | 311,719.34 | |
| Open Space Trust Fund | A-7 | 598,550.00 | 598,550.00 | |
| Surplus from the Berkeley Township Sewer Authority | A-7 | 225,000.00 | 169,056.00 | (55,944.00) |
| Surplus from the Berkeley Township Municipal Utility Authority | A-7 | 87,380.00 | 87,380.00 | |
| Total Miscellaneous Revenues | A-1 | <u>9,328,468.30</u> | <u>9,329,628.19</u> | <u>1,159.89</u> |
| Receipts from Delinquent Taxes | A-1,2 | 2,434,000.00 | 2,442,358.66 | 8,358.66 |
| Subtotal General Revenues | | <u>12,852,468.30</u> | <u>12,861,986.85</u> | <u>9,518.55</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | 25,917,621.81 | 25,019,389.36 | (898,232.45) |
| Total General Revenues | | <u>38,770,090.11</u> | <u>37,881,376.21</u> | <u>(888,713.90)</u> |
| Non-Budget Revenues | A-1,4 | | 141,457.70 | 141,457.70 |
| | | <u>\$ 38,770,090.11</u> | <u>\$ 38,022,833.91</u> | <u>\$ (747,256.20)</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> | |
|--|--------------------|-------------------------|
| <u>Analysis of Realized Revenues</u> | | |
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | A-1,5 | \$ 90,613,969.43 |
| Allocated to: | | |
| School, County Taxes and Municipal Open Space | A-10,11,12,13 | <u>67,432,558.71</u> |
| Balance for Support of Municipal Budget | | 23,181,410.72 |
| Appropriations | | |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>1,837,978.64</u> |
| Amount for Support of Municipal Budget | | |
| Appropriations | A-2 | \$ <u>25,019,389.36</u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collections | A-5 | \$ 2,430,425.69 |
| Tax Title Lien Collections | A-6 | <u>11,932.97</u> |
| | A-2 | \$ <u>2,442,358.66</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 9

| | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended Reserved</u> |
|--|---|-----------------------------------|-------------------------------------|
| <u>OPERATIONS WITHIN CAPS</u> | | | |
| <u>General Government Functions</u> | | | |
| General Administration | | | |
| Salaries and Wages | \$ 293,900.00 | \$ 293,900.00 | \$ |
| Other Expenses | 40,094.39 | 40,086.85 | 7.54 |
| Human Resources | | | |
| Salaries and Wages | 63,750.47 | 63,750.47 | |
| Other Expenses | 1,644.88 | 1,644.88 | |
| Office of the Mayor | | | |
| Salaries and Wages | 8,499.92 | 8,499.92 | |
| Other Expenses | 1,540.75 | 1,540.75 | |
| Township Council | | | |
| Salaries and Wages | 57,999.56 | 57,999.56 | |
| Other Expenses | 3,717.00 | 3,717.00 | |
| Municipal Clerk | | | |
| Salaries and Wages | 222,597.00 | 220,288.64 | 2,308.36 |
| Other Expenses | 19,268.62 | 18,468.62 | 800.00 |
| Financial Administration | | | |
| Salaries and Wages | 290,175.04 | 290,175.04 | |
| Other Expenses | 41,911.37 | 41,911.37 | |
| Audit Services | | | |
| Other Expenses | 49,000.00 | 1,240.00 | 47,760.00 |
| Revenue Administration (Tax Collection) | | | |
| Salaries and Wages | 370,696.78 | 370,696.78 | |
| Other Expenses | 79,864.69 | 64,298.91 | 15,565.78 |
| Tax Assessment Administration | | | |
| Salaries and Wages | 242,178.86 | 242,178.86 | |
| Other Expenses | 14,142.83 | 14,142.83 | |

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 9

| | | Expended | |
|---------------------------------------|---|-----------------------------------|------------------------|
| | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| Legal Services | | | |
| Other Expenses | \$ 351,572.33 | \$ 347,055.87 | \$ 4,516.46 |
| Municipal Court: | | | |
| Salaries and Wages | 206,192.41 | 206,192.41 | |
| Other Expenses | 6,969.51 | 6,969.51 | |
| Public Defender (P.L. 1997, c256) | | | |
| Other Expenses | 9,479.73 | 9,479.73 | |
| Engineering Services | | | |
| Other Expenses | 135,000.00 | 127,859.91 | 7,140.09 |
| Economic Development Agencies | | | |
| Salaries and Wages | 787.53 | 787.53 | |
| Other Expenses | 25.00 | 25.00 | |
| <u>Land Use Administration</u> | | | |
| Planning Board / Director of Planning | | | |
| Other Expenses | 74,246.18 | 74,246.18 | |
| Planning Board | | | |
| Salaries and Wages | 750.00 | 750.00 | |
| Other Expenses | 35,373.66 | 35,373.66 | |
| Division of Zoning | | | |
| Salaries and Wages | 74,085.91 | 74,085.91 | |
| Other Expenses | 1,428.13 | 1,428.13 | |
| Zoning Board of Adjustment | | | |
| Salaries and Wages | 1,375.00 | 1,375.00 | |
| Other Expenses | 29,994.02 | 29,994.02 | |
| <u>Insurances</u> | | | |
| General Liability | 1,101,533.86 | 1,101,533.86 | |
| Workers Compensation | 304,399.72 | 304,399.72 | |
| Employee Group Insurance | 4,578,538.39 | 4,578,538.39 | |
| Unemployment Insurance | 50,000.00 | 50,000.00 | |

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 3 of 9

| | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended Reserved</u> |
|---|---|-----------------------------------|-------------------------------------|
| <u>Public Safety Functions</u> | | | |
| Police Department | | | |
| Salaries and Wages | \$ 8,956,368.37 | \$ 8,954,868.37 | \$ 1,500.00 |
| Other Expenses | 320,347.70 | 299,612.05 | 20,735.65 |
| Emergency Management | | | |
| Salaries and Wages | 40,322.52 | 40,322.52 | |
| Other Expenses | 3,279.59 | 3,279.59 | |
| Aid to Volunteer Fire Companies | | | |
| Salaries and Wages | 15,002.00 | 15,002.00 | |
| Other Expenses | 215,585.60 | 215,585.60 | |
| First Aid Contribution | | | |
| Other Expenses | 125,000.00 | 125,000.00 | |
| Fire Department | | | |
| Salaries and Wages | 105,973.62 | 105,973.62 | |
| Other Expenses | 269,044.77 | 269,044.77 | |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383): | | | |
| Salaries and Wages | 27,824.06 | 27,824.06 | |
| Municipal Prosecutor: | | | |
| Other Expenses | 34,986.00 | 34,986.00 | |
| <u>Public Works Functions</u> | | | |
| Streets and Roads Maintenance: | | | |
| Salaries and Wages | 362,086.65 | 362,086.65 | |
| Other Expenses | 125,659.20 | 125,659.20 | |
| Contractual | 269,737.73 | 269,737.73 | |
| Other Public Works Functions/Signs, Maintenance | | | |
| Salaries and Wages | 42,896.03 | 42,896.03 | |
| Other Expenses | 19,938.35 | 19,938.35 | |

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 9

| | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended Reserved</u> |
|---|---|-----------------------------------|-------------------------------------|
| Sanitation/Solid Waste Collection: | | | |
| Salaries and Wages | \$ 2,012,865.77 | \$ 2,012,865.77 | \$ |
| Other Expenses | 187,977.77 | 187,977.77 | |
| Solid Waste Collection/Recycling | | | |
| Salaries and Wages | 383,924.11 | 383,924.11 | |
| Other Expenses | 16,372.69 | 16,372.69 | |
| Buildings and Grounds: | | | |
| Salaries and Wages | 117,062.45 | 117,062.45 | |
| Other Expenses | 81,979.74 | 81,979.74 | |
| Equipment Maintenance | | | |
| Salaries and Wages | 286,109.59 | 286,109.59 | |
| Other Expenses | 31,798.00 | 31,798.00 | |
| <u>Health and Human Services</u> | | | |
| Environmental Health Services | | | |
| Salaries and Wages | 600.00 | 600.00 | |
| Other Expenses | 280.00 | 280.00 | |
| Animal Control Services | | | |
| Salaries and Wages | 126,359.03 | 126,359.03 | |
| Other Expenses | 4,497.50 | 4,497.50 | |
| Contribution - Providence House (N.J.S.A. 40:23-8.17) | 980.00 | 980.00 | |
| Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4) | 980.00 | 980.00 | |
| <u>Parks and Recreation</u> | | | |
| Recreation Services and Programs | | | |
| Salaries and Wages | 420,760.00 | 420,759.70 | .30 |
| Other Expenses | 57,310.57 | 57,310.57 | |
| Recreation Services and Programs/Golf Course | | | |
| Salaries and Wages | 552,564.43 | 552,564.43 | |
| Other Expenses | 110,041.29 | 109,991.08 | 50.21 |

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 9

| | <u>Budget After Modification</u> | <u>Expended</u> | |
|---|---|-----------------------------------|------------------------|
| | | <u>Paid or Charged</u> | <u>Reserved</u> |
| Maintenance of Parks | | | |
| Salaries and Wages | \$ 471,371.00 | \$ 471,371.00 | \$ |
| Other Expenses | 75,693.36 | 75,693.36 | |
| Beach and Boardwalk Operations | | | |
| Salaries and Wages | 89,800.00 | 89,800.00 | |
| Other Expenses | 7,523.29 | 7,523.29 | |
| <u>Utilities and Bulk Purchases</u> | | | |
| Utilities | | | |
| Other Expenses | 533,458.75 | 533,421.26 | 37.49 |
| Street Lighting | | | |
| Other Expenses | 495,552.37 | 495,552.37 | |
| Gasoline | | | |
| Other Expenses | 907,658.65 | 907,496.95 | 161.70 |
| <u>Landfill/Solid Waste</u> | | | |
| Landfill/Solid Waste Disposal Costs | | | |
| Other Expenses/Tipping | 1,592,994.74 | 1,592,994.74 | |
| <u>Code Enforcement and Administration</u> | | | |
| Other Code Enforcement Functions: | | | |
| Salaries and Wages | 132,623.44 | 132,623.44 | |
| Other Expenses | 4,120.15 | 4,120.15 | |
| Total Operations within Caps | 28,400,044.42 | 28,299,460.84 | 100,583.58 |
| Contingent | 2,000.00 | 300.94 | 1,699.06 |
| Total Operations within Caps including Contingent | 28,402,044.42 | 28,299,761.78 | 102,282.64 |
| Detail: | | | |
| Salaries and Wages | 15,977,501.55 | 15,973,692.89 | 3,808.66 |
| Other Expenses | 12,424,542.87 | 12,326,068.89 | 98,473.98 |

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 9

| | <u>Budget After Modification</u> | <u>Expended</u> | |
|---|---|-----------------------------------|------------------------|
| | | <u>Paid or Charged</u> | <u>Reserved</u> |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u> | | | |
| <u> WITHIN CAPS</u> | | | |
| <u>Deferred Charges</u> | | | |
| Prior Year Bills: | | | |
| University Rehabilitation Associates - December 2008 | \$ 600.00 | \$ | \$ 600.00 |
| JCP&L - September 2006 | 142.74 | 142.71 | .03 |
| <u>Statutory Expenditures</u> | | | |
| Contribution to: | | | |
| Social Security System | 1,189,952.37 | 1,188,566.10 | 1,386.27 |
| Police and Firemen's Retirement System of NJ | 1,861,943.25 | 1,861,943.25 | |
| Public Employee Retirement System | 827,685.25 | 827,685.25 | |
| Total Deferred Charges and Statutory Expenditures | | | |
| within Caps | <u>3,880,323.61</u> | <u>3,878,337.31</u> | <u>1,986.30</u> |
| Total Appropriations within Caps | <u>32,282,368.03</u> | <u>32,178,099.09</u> | <u>104,268.94</u> |
| <u>OPERATIONS EXCLUDED FROM CAPS</u> | | | |
| Length of Service Awards Program (N.J.A.C. 5:30-14.25) | | | |
| Other Expenses | 220,000.00 | | 220,000.00 |
| Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)) | | | |
| Salaries and Wages | 165,920.00 | 165,920.00 | |
| Other Expenses | 85,000.00 | 85,000.00 | |
| Recycling Enhancement Act (P.L. 2007 c.311) | | | |
| Other Expenses | 19,873.00 | 19,364.68 | 508.32 |
| <u>Interlocal Municipal Service Agreements</u> | | | |
| Ocean County Health - Animal Control | | | |
| Other Expenses | 35,000.00 | 21,545.55 | 13,454.45 |
| Ocean County Social Services - Relocation Expenses | | | |
| Other Expenses | 2,500.00 | | 2,500.00 |

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 7 of 9

| | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended Reserved</u> |
|--|---|-----------------------------------|-------------------------------------|
| Fire Protection - South Toms River | | | |
| Other Expenses | \$ 25,500.00 | \$ 25,500.00 | \$ |
| Animal Control - Pine Beach, South Seaside Park, Ocean Gate | | | |
| Salaries and Wages | 23,193.11 | 23,193.11 | |
| Berkeley Board of Education - Fuel | | | |
| Other Expenses | 100,000.00 | 100,000.00 | |
| Central Regional Board of Education - Fuel | | | |
| Other Expenses | 150,000.00 | 150,000.00 | |
| <u>Public and Private Programs Offset by Revenues</u> | | | |
| Clean Communities Grant | | | |
| Salaries and Wages | 64,202.47 | 64,202.47 | |
| Other Expenses | 35,000.00 | 35,000.00 | |
| Municipal Alliance Grant-State Share | | | |
| Salaries and Wages | 18,798.00 | 18,798.00 | |
| Other Expenses | 11,202.00 | 11,202.00 | |
| Municipal Alliance Grant - Municipal Share | | | |
| Salaries and Wages | 7,500.00 | 7,500.00 | |
| FY 10 Homeland Security Grant | 32,700.00 | 32,700.00 | |
| 2009 Recycling Tonnage Grant | 28,916.96 | 28,916.96 | |
| State of N.J. Department of Health and Senior Services | | | |
| Hepatitis B Reimbursement Grant | 5,000.00 | 5,000.00 | |
| FY 11 966 Reimbursement Program Grant | 7,040.00 | 7,040.00 | |
| 2010 Body Armor Replacement Grant | 6,098.14 | 6,098.14 | |
| 2008 Recycling Tonnage Grant | 45,190.61 | 45,190.61 | |
| Department of Justice 2008 Bullet Proof Vest Grant | 3,260.64 | 3,260.64 | |
| Department of Justice 2008 Bullet Proof Vest Grant | 5,643.74 | 5,643.74 | |
| 2011 Sustainable Jersey Small Grant | 5,000.00 | 5,000.00 | |
| Tourism Grant | 1,000.00 | 1,000.00 | |

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 8 of 9

| | | Expended | |
|---|--------------------------------------|----------------------------|-------------------|
| | Budget After Modification | Paid or Charged | Reserved |
| FY2012 966 Reimbursement Program | \$ 20,544.40 | \$ 20,544.40 | \$ |
| 2011 Body Armor Grant | 6,123.69 | 6,123.69 | |
| FFY 10 EMAA Allocation | 5,000.00 | 5,000.00 | |
| Total Operations excluded from Caps | <u>1,135,206.76</u> | <u>898,743.99</u> | <u>236,462.77</u> |
| Detail: | | | |
| Salaries and Wages | 279,613.58 | 279,613.58 | |
| Other Expenses | <u>855,593.18</u> | <u>619,130.41</u> | <u>236,462.77</u> |
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u> | | | |
| Capital Improvement Fund | <u>58,000.00</u> | <u>58,000.00</u> | |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u> | | | |
| Payment of Bond Principal | 2,680,000.00 | 2,680,000.00 | |
| Interest on Bonds | 938,662.50 | 938,662.50 | |
| Interest on Notes | 3,094.38 | 3,094.38 | |
| NJEIT | | | |
| Loan Repayments for Principal and Interest | 135,482.00 | 135,482.00 | |
| Total Municipal Debt Service excluded from Caps | <u>3,757,238.88</u> | <u>3,757,238.88</u> | |
| <u>DEFERRED CHARGES EXCLUDED FROM CAPS</u> | | | |
| Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55) | 290,000.00 | 290,000.00 | |
| Prior Year Bills | | | |
| Bil-Jim | 183,789.48 | 183,789.48 | |
| Sambol | 107,730.00 | 107,730.00 | |
| Rich Mark | 30,650.27 | 30,650.27 | |
| Total Deferred Charges excluded from Caps | <u>612,169.75</u> | <u>612,169.75</u> | |
| Total General Appropriations excluded from Caps | <u>5,562,615.39</u> | <u>5,326,152.62</u> | <u>236,462.77</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 9

| | | | Expended | |
|--|-------------|------------------------------|--------------------|---------------|
| | | Budget After Modification | Paid or Charged | Reserved |
| Subtotal General Appropriations | | \$ 37,844,983.42 | \$ 37,504,251.71 | \$ 340,731.71 |
| Reserve for Uncollected Taxes | | 1,837,978.64 | 1,837,978.64 | |
| Total General Appropriations | | \$ 39,682,962.06 | \$ 39,342,230.35 | \$ 340,731.71 |
| | <u>Ref.</u> | | | A |
| Adopted Budget | A-2 | \$ 38,732,422.02 | | |
| Appropriations added by 40A:4-87 | A-2 | 37,668.09 | | |
| Special Emergency Authorization | A-1, 8 | 435,149.52 | | |
| Emergency Authorization | A, A-1 | 477,722.43 | | |
| | | \$ 39,682,962.06 | | |
| Reserve for: | | | | |
| Encumbrances | A | | \$ 328,625.03 | |
| Uncollected Taxes | A-2 | | 1,837,978.64 | |
| Disbursements | A-4 | | 36,142,256.51 | |
| Special Emergency: | | | | |
| Reserve for Contractually Required Severance | A-8 | | 435,149.52 | |
| Deferred Charges Raised: | | | | |
| Special Emergency Appropriations | A-8 | | 290,000.00 | |
| Interfund - Grant Fund | A-15 | | 308,220.65 | |
| | A-3 | | \$ 39,342,230.35 | |

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, 2011 AND 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Cash | B-1 | \$ 38,123.31 | \$ 59,472.99 |
| <u>Trust-Other Fund</u> | | | |
| Cash | B-1 | 5,937,892.01 | 7,150,297.40 |
| Interfund - Current Fund | B-3, A | 658,720.87 | |
| Funds Held by Trustee - (Unaudited) | B-6 | 1,316,857.69 | 1,399,996.28 |
| Deficit in Reserve for Construction Code | B-4 | 20,144.77 | |
| | | <u>7,933,615.34</u> | <u>8,550,293.68</u> |
| | | <u>\$ 7,971,738.65</u> | <u>\$ 8,609,766.67</u> |
| <u>Liabilities and Reserves</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Reserve for Animal Control Trust Fund | B-2 | \$ 36,889.11 | \$ 59,417.35 |
| Due to State of New Jersey | | 1,234.20 | 12.60 |
| Interfund - Current Fund | B-3 | | 43.04 |
| | | <u>38,123.31</u> | <u>59,472.99</u> |
| <u>Trust-Other Fund</u> | | | |
| Interfunds: | | | |
| Current Fund | B-3 | | 29,325.35 |
| Payroll Fund | B-4 | | 25,964.66 |
| Due To State of New Jersey | | 1,094.00 | 740.00 |
| Reserve for: | | | |
| Miscellaneous Reserves | B-4 | 5,628,320.71 | 5,597,888.71 |
| Open Space | B-5 | 987,342.94 | 1,496,378.68 |
| Length of Service Awards Program (LOSAP) - | | | |
| Unaudited | B-6 | 1,316,857.69 | 1,399,996.28 |
| | | <u>7,933,615.34</u> | <u>8,550,293.68</u> |
| | | <u>\$ 7,971,738.65</u> | <u>\$ 8,609,766.67</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, 2011 AND 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Assets</u> | | | |
| Cash | C-1 | \$ 2,660,822.06 | \$ 2,162,879.02 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-3 | 26,824,053.09 | 29,753,746.40 |
| Unfunded | C-4 | 5,867,671.00 | 3,319,171.00 |
| Grants Receivable | C-12 | 1,174,750.42 | 1,332,082.42 |
| Environmental Infrastructure Trust Loan Accounts Receivable | | 1,684,297.00 | 1,684,297.00 |
| | | <u>\$ 38,211,593.57</u> | <u>\$ 38,252,175.84</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Capital Improvement Fund | C-5 | \$ 2,997.97 | \$ 76,497.97 |
| Interfund - Current Fund | C-1, A | | 704.79 |
| Reserve for Debt Service | C-6 | 2,400.01 | 2,400.01 |
| Improvement Authorizations: | | | |
| Funded | C-7 | 1,389,888.71 | 4,610,833.41 |
| Unfunded | C-7 | 3,669,835.71 | 3,319,171.00 |
| Reserve for Encumbrances | C-7 | 1,997,547.08 | 488,822.26 |
| Environmental Infrastructure Trust Fund Loans | C-8 | 2,734,880.69 | 2,909,112.33 |
| Serial Bonds | C-9 | 23,047,000.00 | 25,727,000.00 |
| Green Trust Loan Payable | C-10 | 1,042,172.40 | 1,117,634.07 |
| Bond Anticipation Notes | C-11 | 4,324,871.00 | |
| | | <u>\$ 38,211,593.57</u> | <u>\$ 38,252,175.84</u> |

There were bonds and notes authorized but not issued on December 31, 2011 of \$2,498,500.00 (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, 2011 AND 2010

| | <u>2011</u> | <u>2010</u> |
|----------------------------------|----------------------|----------------------|
| <u>Assets</u> | | |
| Cash | \$ 141,136.51 | \$ 233,837.20 |
| Interfund Receivable - Trust | | 25,964.66 |
| | <u>\$ 141,136.51</u> | <u>\$ 259,801.86</u> |
| <u>Liabilities</u> | | |
| Interfund Payable - Current Fund | \$ | \$ 115,985.59 |
| Payroll Deductions Payable | <u>141,136.51</u> | <u>143,816.27</u> |
| | <u>\$ 141,136.51</u> | <u>\$ 259,801.86</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, 2011 AND 2010

| | <u>2011</u> | <u>2010</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>24,848,627.33</u> |
| | <u>\$ 39,442,160.71</u> | <u>\$ 39,006,352.04</u> |
| Investment in General Fixed Assets | <u>\$ 39,442,160.71</u> | <u>\$ 39,006,352.04</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, 2011

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, Municipal Utility Authority, 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 Township had no component units in 2011.

B. Descriptions of Funds

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

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

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

Animal Control Trust Fund - 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)

General Capital Fund Balance - Revaluation

In 2010 the Township, by resolution, appropriated \$60,000 from general capital surplus for the Township revaluation program. The amount authorized increased the reserve available in the Current Fund for such purpose. At year-end the amount available in reserve for revaluation was \$53,754.

General Capital Fund - "Reappropriation of Funded Balances"

In 2011 the Township, by resolution, re-appropriated a prior period funded improvement authorization to create an improvement authorization for the acquisition of a fire vehicle.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2011 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, 2011 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

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

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

During 2011 the following changes occurred in the fixed assets of the Township:

| | <u>Balance</u> <u>Jan. 1, 2011</u> | <u>Increase</u> <u>(Net)</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|-------------------------------------|---|---|--|
| 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 \$9,712,081 and the bank balance amount was \$10,139,285. Of this amount \$564,064 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$9,575,221.

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)

- (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>2011</u> | <u>2010</u> |
| Insured: | | |
| FDIC | \$ 525,759 | \$ 750,000 |
| GUDPA | <u>15,881,233</u> | <u>13,016,693</u> |
| | \$ <u>16,406,992</u> | \$ <u>13,766,693</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

| | |
|---|----------------------|
| \$6,285,000 2001 Bonds due in annual installments ranging from \$615,000 to \$710,000 through 2012 at interest rates ranging from 4.25% to 4.35% | \$ 710,000 |
| \$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% | 3,613,000 |
| \$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% | 6,479,000 |
| \$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% | <u>12,245,000</u> |
| | \$ <u>23,047,000</u> |

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)****General Capital Fund (Continued)**

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> |
|-------------|----------------------|---------------------|----------------------|
| 2012 | \$ 3,060,000 | \$ 828,100 | \$ 3,888,100 |
| 2013 | 2,550,000 | 723,408 | 3,273,408 |
| 2014 | 2,600,000 | 627,526 | 3,227,526 |
| 2015 | 2,643,000 | 526,769 | 3,169,769 |
| 2016 | 1,670,000 | 445,193 | 2,115,193 |
| 2017-21 | 7,629,000 | 1,296,476 | 8,925,476 |
| 2022-24 | <u>2,895,000</u> | <u>174,312</u> | <u>3,069,312</u> |
| | \$ <u>23,047,000</u> | \$ <u>4,621,784</u> | \$ <u>27,668,784</u> |

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> |
|-------------|---------------------|-------------------|---------------------|
| 2012 | \$ 76,978 | \$ 20,460 | \$ 97,438 |
| 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 |
| 2017-21 | 367,744 | 46,596 | 414,340 |
| 2022-26 | 231,581 | 17,144 | 248,725 |
| 2027-28 | <u>42,168</u> | <u>531</u> | <u>42,699</u> |
| | \$ <u>1,042,172</u> | \$ <u>150,786</u> | \$ <u>1,192,958</u> |

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)****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.

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> |
|-------------|---------------------|-------------------|---------------------|
| 2012 | \$ 180,547 | \$ 42,212 | \$ 222,759 |
| 2013 | 178,539 | 39,703 | 218,242 |
| 2014 | 176,504 | 37,177 | 213,681 |
| 2015 | 183,024 | 34,638 | 217,662 |
| 2016 | 180,398 | 31,638 | 212,036 |
| 2017-21 | 961,046 | 111,088 | 1,072,134 |
| 2022-26 | 631,867 | 41,138 | 673,005 |
| 2027-29 | <u>242,956</u> | <u>5,661</u> | <u>248,617</u> |
| | <u>\$ 2,734,881</u> | <u>\$ 343,255</u> | <u>\$ 3,078,136</u> |

B. Short-Term Debt

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

General Capital Fund

| <u>Ordinance Number</u> | <u>Description</u> | <u>Amount</u> | <u>Interest Rate</u> |
|-----------------------------|------------------------------|---------------------|--------------------------|
| 09-11, 09-26 | Various Capital Improvements | \$ 2,044,871 | 1.24% |
| 10-31 | Various Capital Improvements | <u>2,280,000</u> | 1.24% |
| | | <u>\$ 4,324,871</u> | |

NOTE 3. DEBT (CONTINUED)**C. Bonds and Notes Authorized but not Issued**

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

| | |
|-----------------|--------------|
| General Capital | \$ 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, 2011 was 0.55%. The Township's remaining borrowing power is 2.95%.

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

E. Summary of Debt Service

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

| | <u>Balance Jan. 1, 2011</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance 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 |
| Bond Anticipation Notes | <u>2,909,112</u> | | <u>174,231</u> | <u>2,734,881</u> |
| | <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 \$2,684,727 and \$2,902,277 at December 31, 2011 and 2010, respectively. A reserve is maintained in the Other Trust Fund and had no balance as of December 31, 2011. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balance at December 31, 2011 which has been proposed to be utilized as Current Fund anticipated revenue in the year ending December 31, 2012 is \$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>2011</u> | <u>2010</u> |
| Prepaid Taxes | \$ 902,410 | \$ 1,037,482 |

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, 2011, the following deferred charges are shown on the balance sheet of the various funds:

| | <u>Balance Dec. 31, 2011</u> | <u>Required to be Raised as 2012 Budget Appropriation</u> | <u>Balance to Succeeding Years</u> |
|---|----------------------------------|---|--|
| Current Fund: | | | |
| Special Emergency Authorizations (N.J.S. 40A:4-55) | | | |
| Contractually Required Severance | | | |
| Liabilities | \$ 435,150 | \$ 87,030 | \$ 348,120 |
| Emergency Appropriations | 477,722 | 477,722 | |
| Deficit in Operations | 864,305 | 864,305 | |
| Trust Fund: | | | |
| Deficit in Construction | <u>20,145</u> | <u>20,145</u> | <u> </u> |
| | \$ <u>1,797,322</u> | \$ <u>1,449,202</u> | \$ <u>348,120</u> |

NOTE 10. PENSION PLANS

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

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. Plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to Ch. 78, P.L. 2011 and effective October 1, 2011, the employee pension contribution rates were adjusted as follows:

- PERS members from 5.5% to 6.5% of their annual covered salary, with an additional increase to be phased in over the next 7 years bringing the total pension contribution rate to 7.5% of annual covered salary.
- PFRS members from 8.5% to 10% of their annual covered salary.

NOTE 10. PENSION PLANS (CONTINUED)

In addition, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. The Township's contributions to the various plans, equal to the required contributions for each year, were as follows:

| <u>Year</u> | <u>PERS</u> | <u>PFRS</u> |
|-------------|-------------|--------------|
| 2010 | \$ 827,685 | \$ 1,861,943 |
| 2009 | 334,559 | 859,198 |
| 2008 | 488,706 | 556,104 |

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.

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, 2011, 2010 and 2009 were \$1,219,442, \$1,092,387 and \$1,019,254, respectively, which equaled the required contributions for each year. There were approximately 89, 84 and 79 retired participants eligible at December 31, 2011, 2010 and 2009, 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.

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.

| | Local District School Tax | | Regional School Tax | |
|----------------|----------------------------------|-------------------|----------------------------|------------------|
| | Balance December 31 | | Balance December 31 | |
| | 2011 | 2010 | 2011 | 2010 |
| Balance of Tax | \$ 13,584,954 | \$ 13,717,413 | \$ 8,777,811 | \$ 8,943,781 |
| Deferred | <u>13,584,954</u> | <u>13,717,413</u> | <u>8,777,811</u> | <u>8,943,781</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, 2011, the Township estimates that no material liabilities will result from such audits.

NOTE 14. CONTINGENT LIABILITIES (CONTINUED)

Major Tax Assessments

It was noted that there were no assessments in excess of 1% of the total assessed valuation during the 2011 year.

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, 2011:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------|--|-------------------------------------|
| Current Fund | \$ 157,387 | \$ 658,721 |
| Grant Fund | | 157,387 |
| Trust Other Fund | <u>658,721</u> | <u> </u> |
| | \$ <u>816,108</u> | \$ <u>816,108</u> |

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM

On January 18, 1977 the voters of the Township approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Township's LOSAP plan, provided by VALIC. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual maximum contribution of \$1,150 for the fire companies and first aid squads to each eligible volunteer who accumulates minimum service points based on criteria established by Township Ordinance No. 2002-34. The Township's contribution shall be included in the current year's budget.

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)

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

Township contributions for the year ended December 31, 2010 totaling \$208,413 were disbursed in October of 2011. The Township's contribution for the year ended December 31, 2011 is \$201,935 and was paid out in June of 2012.

TOWNSHIP OF BERKELEY

COUNTY OF OCEAN

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| Tax Rate | <u>2011</u> \$ <u>1.813</u> | <u>2010</u> \$ <u>1.819</u> | <u>2009</u> \$ <u>3.347</u> |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|
| Apportionment of Tax Rate | | | |
| Municipal | .503 | .500 | .959 |
| Municipal Open Space | .005 | .005 | .010 |
| County | .374 | .379 | .707 |
| Local School District | .550 | .551 | .975 |
| Regional School District | .367 | .370 | .667 |
| County Open Space | .014 | .014 | .029 |
| Assessed Valuation | | | |
| 2011 | \$ 5,147,145,433 | | |
| 2010 | | \$ 5,181,066,605 | |
| 2009 | | | \$ 2,702,326,362 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|------------------------|---------------------------------|
| | | <u>Cash Collection</u> | <u>Percentage of Collection</u> |
| 2011 | \$ 93,556,484 | \$ 90,613,969 | 96.85% |
| 2010 | 94,445,148 | 91,457,924 | 96.83% |
| 2009 | 90,845,577 | 88,725,383 | 97.66% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year Ended December 31</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------------------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2011 | \$ 353,029 | \$ 2,439,454 | \$ 2,792,483 | 2.98% |
| 2010 | 208,883 | 2,465,165 | 2,674,048 | 2.83% |
| 2009 | 174,411 | 1,948,732 | 2,123,143 | 2.34% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2011 | \$ 6,361,398 |
| 2010 | 6,361,398 |
| 2009 | 6,340,914 |

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 Year</u> |
|----------------------------|--------------------------------------|--|
| <u>Current Fund</u> | | |
| 2011 | \$ 10,145 | \$ 61,646 * |
| 2010 | 1,100,145 | 1,090,000 |
| 2009 | 318,180 | 555,000 |
| 2008 | 1,102,816 | 1,050,000 |
| 2007 | 2,159,188 | 2,130,000 |

* Proposed

SUMMARY OF MUNICIPAL DEBT

| | <u>Year 2011</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|---|--------------------------|--------------------------|--------------------------|
| <u>Issued and Outstanding</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 31,148,924 | \$ 29,753,746 | \$ 29,708,107 |
| Less Deductions: | | | |
| Open Space Trust (N.J.S.A. 40A:2-44(h)) | <u>1,115,828</u> | <u>1,184,728</u> | <u>1,240,395</u> |
| Net Debt Issued | <u>30,033,096</u> | <u>28,569,018</u> | <u>28,467,712</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | <u>2,498,500</u> | <u>3,319,171</u> | <u>3,942,891</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | \$ <u>32,531,596</u> | \$ <u>31,888,189</u> | \$ <u>32,410,603</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 0.55%

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|----------------------|----------------------|----------------------|
| Local School District Debt | \$ 17,855,000 | \$ 17,855,000 | \$ -0- |
| Regional School District Debt | 2,867,688 | 2,867,688 | -0- |
| General Debt | <u>33,647,424</u> | <u>1,115,828</u> | <u>32,531,596</u> |
| | \$ <u>54,370,112</u> | \$ <u>21,838,516</u> | \$ <u>32,531,596</u> |

Net Debt \$32,531,596 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$5,888,294,514 = .055%.

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

| | |
|---|-----------------------|
| 3.5% of Equalized Valuation Basis (Municipal) | \$ 206,090,308 |
| Net Debt | <u>32,531,596</u> |
| Remaining Borrowing Power | \$ <u>173,558,712</u> |

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>Name</u> | <u>Position</u> | <u>Amount of Bond</u> |
|----------------------|-------------------------|----------------------------------|
| Jason Varano | Mayor | |
| Carmen F. Amato, Jr. | President | |
| Karen Davis | Vice President | |
| Nathan Abbe | Councilperson | |
| Peter J. Mustarado | Councilperson | |
| Judith Noonan | Councilperson | |
| Frances Siddons | Councilperson | |
| Anne Wolff | Councilperson | |
| Leonard Roeber | Administrator | |
| Beverly Carle | Township Clerk | |
| Geraldine Dorso | Tax Collector | \$ 442,000 |
| Frederick C. Ebenau | Chief Financial Officer | 100,000 |
| John J. Sheehy | Municipal Court Judge | 38,000 * |
| Aileen Alonzo | Court Administrator | 38,000 * |
| Patrick Sheehan | 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, 2010 | | \$ | 3,058,223.98 |
| Increased by Receipts: | | | |
| Prepaid Taxes | \$ | 902,410.44 | |
| Tax Overpayments | | 267,139.22 | |
| State of New Jersey (Ch. 20, P.L. 1971) | | 2,066,622.96 | |
| Miscellaneous Revenue not Anticipated | | 141,457.70 | |
| Police Found Money | | 2,716.28 | |
| Change Fund | | 90.00 | |
| Sales Tax Payable (Net) | | 969.05 | |
| Taxes Receivable | | 89,623,115.57 | |
| Tax Title Liens Receivable | | 11,932.97 | |
| Revenue Accounts Receivable | | 8,986,317.54 | |
| Revenue Reserve-Garden State Trust | | 42,590.00 | |
| Accounts Payable (Net) | | 11,726.42 | |
| Interfunds: | | | |
| Other Funds | | 1,523,687.13 | |
| Grant Fund | | 380,549.73 | |
| | | | <u>103,961,325.01</u> |
| | | | <u>107,019,548.99</u> |
| Decreased by Disbursements: | | | |
| Emergency Note Payable | | 290,000.00 | |
| Tax Overpayments Refunded | | 126,514.98 | |
| Due to Municipal Utility Authority (Net) | | 126.57 | |
| 2011 Budget Appropriations | | 36,142,256.51 | |
| 2010 Budget Appropriations | | 527,147.25 | |
| County Taxes Payable | | 19,913,168.59 | |
| Regional School Tax | | 19,062,049.32 | |
| Local School District Tax | | 28,480,472.50 | |
| Municipal Open Space Tax | | 270,891.39 | |
| Spending Reserve (Net) | | 290,862.60 | |
| Interfunds: | | | |
| Other Funds | | 716,907.49 | |
| Grant Fund | | 291,944.46 | |
| | | | <u>106,112,341.66</u> |
| Balance December 31, 2011 | | \$ | <u>907,207.33</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance | 2011 Levy | Added Amounts | Collections | | Due from State | Transferred to Tax Title Liens | Cancelled | Balance |
|------|-----------------|------------------|------------------|-----------------|------------------|-------------------|--------------------------------------|---------------|-----------------|
| | Dec. 31, 2010 | | | 2010 | 2011 | | | | Dec. 31, 2011 |
| 2008 | \$ 7,249.74 | \$ | \$ | \$ 278.98 | \$ 2,587.00 | \$ | \$ | \$ | \$ 4,383.76 |
| 2009 | 33,005.68 | | | 15,328.82 | 7,278.86 | 4,250.00 | | 457.37 | 5,690.63 |
| 2010 | 2,424,909.62 | | 109,198.36 | 114,293.59 | 2,231,658.44 | 54,750.00 | 37,432.80 | 72,671.77 | 23,301.38 |
| | 2,465,165.04 | | 109,198.36 | 129,901.39 | 2,241,524.30 | 59,000.00 | 37,432.80 | 73,129.14 | 33,375.77 |
| 2011 | | 93,556,484.23 | | 1,037,481.89 | 87,381,591.27 | 2,194,896.27 | 108,740.42 | 427,696.22 | 2,406,078.16 |
| | \$ 2,465,165.04 | \$ 93,556,484.23 | \$ 109,198.36 | \$ 1,167,383.28 | \$ 89,623,115.57 | \$ 2,253,896.27 | \$ 146,173.22 | \$ 500,825.36 | \$ 2,439,453.93 |

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax

Added and Omitted Taxes

\$ 93,317,759.34

238,724.89

\$ 93,556,484.23

Tax Levy:

Local District School Tax (Abstract)

Regional School Tax (Abstract)

County Taxes:

County Tax (Abstract)

County Library Tax (Abstract)

County Health Tax (Abstract)

County Open Space Tax (Abstract)

Due County for Added and Omitted Taxes

Total County Taxes

Local Open Space Tax

Local Tax for Municipal Purposes

Add: Additional Tax Levied

\$ 16,527,698.13

1,916,091.08

717,021.88

705,652.31

51,110.84

\$ 28,348,014.00

18,896,079.08

19,917,574.24

270,891.39

25,917,621.81

206,303.71

\$ 93,556,484.23

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

| | | |
|--|-----------------|----------------------|
| Balance December 31, 2010 | | \$ 208,882.78 |
| Increased by: | | |
| Transfers from Taxes Receivable | \$ 146,173.22 | |
| Interest and Costs Accrued at Tax Sale | <u>9,906.37</u> | |
| | | <u>156,079.59</u> |
| | | 364,962.37 |
| Decreased by: | | |
| Receipts | | <u>11,932.97</u> |
| Balance December 31, 2011 | | <u>\$ 353,029.40</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, 2010</u> | <u>Accrued in 2011</u> | <u>Collections</u> | <u>Balance Dec. 31, 2011</u> |
|---|---|-----------------------------------|---------------------------|---|
| Licenses: | | | | |
| Alcoholic Beverages | \$ | \$ 46,376.00 | \$ 46,376.00 | \$ |
| Other | | 3,012.00 | 3,012.00 | |
| Fees and Permits | | 281,197.90 | 281,197.90 | |
| Fines and Costs | | | | |
| Municipal Court | 8,990.27 | 139,721.59 | 137,839.99 | 10,871.87 |
| Interest on Investments and Deposits | | 26,675.35 | 26,675.35 | |
| Interest and Costs on Taxes | | 427,178.01 | 427,178.01 | |
| Beach Admission Fees | | 94,081.00 | 94,081.00 | |
| Municipal Golf Course | | 650,606.91 | 650,606.91 | |
| Berkeley Township Board of Education - Trash | | 60,137.00 | 60,137.00 | |
| Water and Cable Franchise Fees | | 206,075.95 | 206,075.95 | |
| Hotel and Motel Occupancy Tax | | 25,399.40 | 25,399.40 | |
| Central Regional Board of Education - Trash | | 20,000.00 | 20,000.00 | |
| 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 | | 21,307.21 | 21,307.21 | |
| Berkeley Board of Education Fuel Facilities | | 154,870.10 | 154,870.10 | |
| Central Regional Board of Education Fuel Facilities | | 259,885.70 | 259,885.70 | |
| Other Special Items: | | | | |
| Uniform Fire Safety Act | | 29,978.31 | 29,978.31 | |
| Proceeds from Land Sale | | 53,760.00 | 53,760.00 | |
| Open Space Trust Fund | | 598,550.00 | 598,550.00 | |
| Surplus-Berkeley Township Sewer Authority | | 169,056.00 | 169,056.00 | |
| Surplus-Berkeley Township Municipal Utility Authority | | 87,380.00 | 87,380.00 | |
| NJ State Police - Feb Storm | | 37,262.65 | 37,262.65 | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 2 of 2

| | <u>Balance Dec. 31, 2010</u> | <u>Accrued in 2011</u> | <u>Collections</u> | <u>Balance Dec. 31, 2011</u> |
|--|---|-----------------------------------|---------------------------|---|
| Other Special Items: | | | | |
| Reserve for Debt Service - General Capital | \$ | \$ 751,688.25 | \$ 751,688.25 | \$ |
| Ocean County Recycling | | 76,555.36 | 76,555.36 | |
| Senior/Veteran Administration Fee | | 41,332.46 | 41,332.46 | |
| Health Coverage-Employee Percentage | | 196,683.65 | 196,683.65 | |
| FEMA Reimbursements | | 311,719.34 | 311,719.34 | |
| Refuge Revenue Sharing Act | | 3,834.00 | 3,834.00 | |
| | <u>\$ 8,990.27</u> | <u>\$ 9,030,789.14</u> | <u>\$ 9,028,907.54</u> | <u>\$ 10,871.87</u> |
| Receipts | | | \$ 8,986,317.54 | |
| Reserve for: | | | | |
| Garden State Trust Fund | | | <u>42,590.00</u> | |
| | | | <u>\$ 9,028,907.54</u> | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

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

| <u>Date Authorized</u> | <u>Improvement Description</u> | <u>Net Amount Authorized</u> | <u>1/5 of Net Amount Authorized</u> | <u>Balance Dec. 31, 2010</u> | <u>2011 Authorization</u> | <u>2011 Budget Appropriation</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------------------|---------------------------------------|---|--|---|--------------------------------------|---|---|
| 11/14/2011 | Contractually Required Severance | \$ 435,149.52 | \$ 87,029.90 | \$ | \$ 435,149.52 | \$ | \$ 435,149.52 |
| 1/24/2006 | Tax Map and Revaluation Program | 1,450,000.00 | 290,000.00 | 290,000.00 | | 290,000.00 | |
| | | | | \$ 290,000.00 | \$ 435,149.52 | \$ 290,000.00 | \$ 435,149.52 |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**CURRENT FUND****Exhibit A-9****SCHEDULE OF APPROPRIATION RESERVES****Sheet 1 of 4**

| | <u>Balance Dec. 31, 2010</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|---|--|---|-----------------------------------|----------------------------------|
| <u>OPERATIONS WITHIN CAPS</u> | | | | | |
| <u>General Government Functions</u> | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 5,142.96 | \$ | \$ 5,142.96 | \$ 5,142.96 | \$ |
| Other Expenses | 601.34 | 469.96 | 5,442.37 | 5,327.37 | 115.00 |
| Human Resources | | | | | |
| Salaries and Wages | .67 | | .67 | | .67 |
| Other Expenses | 65.34 | | 65.34 | | 65.34 |
| Office of the Mayor | | | | | |
| Salaries and Wages | .08 | | .08 | | .08 |
| Other Expenses | 748.64 | | | | |
| Township Council | | | | | |
| Other Expenses | 21,171.00 | 200.00 | 20,200.00 | 20,200.00 | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 119.12 | | 119.12 | | 119.12 |
| Other Expenses | 8,225.98 | 1,177.42 | 9,483.89 | 9,483.89 | |
| Financial Administration | | | | | |
| Other Expenses | | 1,306.74 | 7,608.33 | 7,535.13 | 73.20 |
| Revenue Administration (Tax Collection) | | | | | |
| Other Expenses | 2,100.00 | 1,956.83 | 5,995.48 | 4,451.93 | 1,543.55 |
| Tax Assessment Administration | | | | | |
| Other Expenses | 550.74 | | | | |
| Legal Services | | | | | |
| Other Expenses | 1,224.53 | 5,888.81 | 7,113.34 | 7,113.34 | |
| Municipal Court: | | | | | |
| Salaries and Wages | 6,337.20 | | | | |
| Other Expenses | 741.27 | 1,275.88 | 1,275.88 | 1,259.02 | 16.86 |
| Public Defender (P.L. 1997, c256) | | | | | |
| Other Expenses | 4,940.00 | 100.00 | 2,148.51 | 2,000.00 | 148.51 |
| Engineering Services | | | | | |
| Other Expenses | 12,131.43 | 2.40 | 12,133.83 | | 12,133.83 |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-9

Sheet 2 of 4

| | <u>Balance Dec. 31, 2010</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|---|--|---|-----------------------------------|----------------------------------|
| Economic Development Agencies | | | | | |
| Salaries and Wages | \$ 45.82 | \$ | \$ | \$ | \$ |
| Other Expenses | 240.00 | | | | |
| <u>Land Use Administration</u> | | | | | |
| Planning Board / Director of Planning | | | | | |
| Other Expenses | 7,007.80 | 46.00 | 7,053.80 | 731.14 | 6,322.66 |
| Planning Board | | | | | |
| Other Expenses | | 1,427.49 | 1,427.49 | 659.59 | 767.90 |
| Division of Zoning | | | | | |
| Other Expenses | 887.54 | 314.94 | 1,202.48 | 1,202.48 | |
| Zoning Board of Adjustment | | | | | |
| Other Expenses | 1,628.50 | 925.16 | 1,317.59 | 1,285.59 | 32.00 |
| <u>Insurances</u> | | | | | |
| Workers Compensation | 4,022.00 | | | | |
| Employee Group Insurance | 15,562.50 | 1,156.80 | 1,156.80 | 1,156.80 | |
| Unemployment Insurance | | | 23,642.54 | 23,642.54 | |
| <u>Public Safety Functions</u> | | | | | |
| Police Department | | | | | |
| Salaries and Wages | | | 15,000.00 | | 15,000.00 |
| Other Expenses | 1,229.47 | 20,677.91 | 21,888.27 | 20,579.16 | 1,309.11 |
| Aid to Volunteer Fire Companies | | | | | |
| Other Expenses | 1,547.18 | 31,044.04 | 31,072.50 | 29,917.08 | 1,155.42 |
| Fire Department | | | | | |
| Other Expenses | | 18,880.42 | 18,880.42 | 18,835.99 | 44.43 |
| <u>Public Works Functions</u> | | | | | |
| Streets and Roads Maintenance: | | | | | |
| Other Expenses | 157.42 | 35,985.96 | 39,370.39 | 31,753.71 | 7,616.68 |
| Other Public Works Functions/ Signs, Maintenance | | | | | |
| Other Expenses | 3.41 | 2,275.65 | 2,279.06 | 2,275.65 | 3.41 |
| Sanitation/Solid Waste Collection: | | | | | |
| Other Expenses | | 38,515.40 | 28,440.76 | 26,119.36 | 2,321.40 |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 4

| | <u>Balance Dec. 31, 2010</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|---|---|--|---|-----------------------------------|----------------------------------|
| Solid Waste Collection/Recycling | | | | | |
| Other Expenses | \$ | \$ 130.29 | \$ 130.29 | \$ 86.35 | \$ 43.94 |
| Buildings and Grounds: | | | | | |
| Other Expenses | | 6,367.18 | 6,367.18 | 6,344.07 | 23.11 |
| Equipment Maintenance | | | | | |
| Other Expenses | | 6,239.29 | 6,239.29 | 5,989.83 | 249.46 |
| Animal Control Services | | | | | |
| Other Expenses | | 322.98 | 122.98 | 122.98 | |
| <u>Parks and Recreation</u> | | | | | |
| Recreation Services and Programs | | | | | |
| Other Expenses | 57.21 | 584.97 | 584.97 | 203.49 | 381.48 |
| Recreation Services and Programs/Golf Course | | | | | |
| Other Expenses | | 4,619.43 | 4,619.43 | 4,619.33 | .10 |
| Maintenance of Parks | | | | | |
| Salaries and Wages | 3,313.76 | | | | |
| Other Expenses | 3,077.68 | 3,175.24 | 3,465.70 | 2,960.70 | 505.00 |
| <u>Utilities and Bulk Purchases</u> | | | | | |
| Utilities | | | | | |
| Other Expenses | 270.71 | 20,511.19 | 32,318.86 | 32,101.56 | 217.30 |
| Street Lighting | | | | | |
| Other Expenses | | 405.45 | 405.45 | 405.45 | |
| Gasoline | | | | | |
| Other Expenses | | 1,531.16 | 50,019.73 | 49,988.57 | 31.16 |
| <u>Code Enforcement and Administration</u> | | | | | |
| Other Code Enforcement Functions: | | | | | |
| Salaries and Wages | 561.60 | | | | |
| Other Expenses | 16.29 | 1,693.57 | 1,693.57 | 1,693.57 | |
| Total Operations within Caps | 103,729.19 | 209,208.56 | 375,429.35 | 325,188.63 | 50,240.72 |
| Contingent | 2,220.14 | | 2,220.14 | 511.94 | 1,708.20 |
| Total Operations within Caps including Contingent | 105,949.33 | 209,208.56 | 377,649.49 | 325,700.57 | 51,948.92 |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-9

Sheet 4 of 4

| | <u>Balance Dec. 31, 2010</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|---|---|--|---|-----------------------------------|----------------------------------|
| <u>STATUTORY EXPENDITURES WITHIN CAPS</u> | | | | | |
| Contribution to: | | | | | |
| Social Security System | \$ 62,491.60 | \$ | \$ | \$ | \$ |
| Total Appropriations within Caps | <u>168,440.93</u> | <u>209,208.56</u> | <u>377,649.49</u> | <u>325,700.57</u> | <u>51,948.92</u> |
| <u>OPERATIONS EXCLUDED FROM CAPS</u> | | | | | |
| Length of Service Awards Program (N.J.A.C. 5:30-14.25) | 220,000.00 | | 220,000.00 | 215,024.00 | 4,976.00 |
| Other Expenses | | | | | |
| Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)) | | 9,233.37 | 9,233.37 | 5,518.68 | 3,714.69 |
| Other Expenses | | | | | |
| Recycling Enhancement Act (P.L. 2007 c.311) | | 10,564.88 | 10,564.88 | 2,011.19 | 8,553.69 |
| Other Expenses | | | | | |
| <u>Interlocal Municipal Service Agreements</u> | | | | | |
| Ocean County Health - Animal Control | | 3,916.00 | 3,916.00 | 3,916.00 | |
| Other Expenses | | | | | |
| Fire Protection - South Toms River | 4,425.00 | | 4,425.00 | 4,425.00 | |
| Other Expenses | <u>224,425.00</u> | <u>23,714.25</u> | <u>248,139.25</u> | <u>230,894.87</u> | <u>17,244.38</u> |
| Total Operations excluded from Caps | | | | | |
| Total General Appropriations | <u>\$ 392,865.93</u> | <u>\$ 232,922.81</u> | <u>\$ 625,788.74</u> | <u>\$ 556,595.44</u> | <u>\$ 69,193.30</u> |
| Disbursed | | | | \$ 527,147.25 | |
| Reserve for Encumbrances | | | | <u>29,448.19</u> | |
| | | | | <u>\$ 556,595.44</u> | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

| | |
|--|-------------------------|
| Balance December 31, 2010: | |
| School Tax Deferred | \$ 13,717,412.51 |
| Increased by: | |
| Levy for School Year July 1, 2011 | |
| to June 30, 2012 | <u>28,348,014.00</u> |
| | 42,065,426.51 |
| Decreased by: | |
| Disbursements | <u>28,480,472.50</u> |
| Balance December 31, 2011: | |
| School Tax Deferred | \$ <u>13,584,954.01</u> |
| <u>2011 Charge to Operations for Local School Tax</u> | |
| Balance December 31, 2010 - School Tax Deferred | \$ 13,717,412.51 |
| Add: 2011-2012 School Tax Levy | 28,348,014.00 |
| Less: Ending Balance December 31, 2011 - School Tax Deferred | <u>(13,584,954.01)</u> |
| Amount Charged to 2011 Operations | \$ <u>28,480,472.50</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF REGIONAL SCHOOL TAX

| | |
|---|-------------------------|
| Balance December 31, 2010: | |
| School Tax Deferred | \$ 8,943,780.95 |
| Increased by: | |
| Levy for School Year July 1, 2011 | |
| to June 30, 2012 | <u>18,896,079.08</u> |
| | 27,839,860.03 |
| Decreased by: | |
| Disbursements | <u>19,062,049.32</u> |
| Balance December 31, 2011: | |
| School Tax Deferred | \$ <u>8,777,810.71</u> |
| <u>2011 Charge to Operations for Regional School Tax</u> | |
| Balance December 31, 2010 - School Tax Deferred | \$ 8,943,780.95 |
| Add: 2011-2012 School Tax Levy | 18,896,079.08 |
| Less: Ending Balance December 31, 2011 - School Tax Deferred | <u>(8,777,810.71)</u> |
| Amount Charged to 2011 Operations | \$ <u>19,062,049.32</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF COUNTY TAXES PAYABLE

| | | | |
|--|----|---------------|-------------------------|
| Balance December 31, 2010 | | \$ | 46,708.12 |
| 2011 Tax Levy: | | | |
| County Tax (Abstract) | \$ | 16,527,698.13 | |
| County Library Tax (Abstract) | | 1,916,091.08 | |
| County Health Tax (Abstract) | | 717,021.88 | |
| County Open Space Tax (Abstract) | | 705,652.31 | |
| Due County for Added and Omitted Taxes | | 51,110.84 | |
| | | | <u>19,917,574.24</u> |
| | | | 19,964,282.36 |
| Decreased by: | | | |
| Disbursements | | | <u>19,913,168.59</u> |
| Balance December 31, 2011 | | \$ | <u><u>51,113.77</u></u> |

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-13

| | | | |
|-------------------------|----|--------------------------|--|
| Increased by: | | | |
| Levy Calendar Year 2011 | \$ | 270,891.39 | |
| Decreased by: | | | |
| Disbursements | \$ | <u><u>270,891.39</u></u> | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Animal Control Trust Fund | Trust Other Fund | Payroll Fund | General Capital Fund |
|---|------------------------------|--|-----------------------------|-----------------------------|-------------------------------------|
| Balance December 31, 2010 - (Due From)/Due To | \$ <u>(146,058.77)</u> | \$ <u>(43.04)</u> | \$ <u>(29,325.35)</u> | \$ <u>(115,985.59)</u> | \$ <u>(704.79)</u> |
| Increased by: | | | | | |
| Disbursements | 716,907.49 | 130.25 | 700,347.35 | 16,429.89 | |
| Expired Premiums | <u>2,000.00</u> | | <u>2,000.00</u> | | |
| Total Increases | <u>718,907.49</u> | <u>130.25</u> | <u>702,347.35</u> | <u>16,429.89</u> | |
| Total Increases and Balances | <u>(864,966.26)</u> | <u>(173.29)</u> | <u>(731,672.70)</u> | <u>(132,415.48)</u> | <u>(704.79)</u> |
| Decreased by: | | | | | |
| Receipts | <u>1,523,687.13</u> | <u>173.29</u> | <u>1,390,393.57</u> | <u>132,415.48</u> | <u>704.79</u> |
| Balance December 31, 2011 - (Due From)/Due To | \$ <u><u>658,720.87</u></u> | \$ <u><u> </u></u> | \$ <u><u>658,720.87</u></u> | \$ <u><u> </u></u> | \$ <u><u> </u></u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

FEDERAL AND STATE GRANT FUND

SCHEDULE OF INTERFUND

| | | | |
|--------------------------------------|-------------------|--|-----------------------------|
| Balance December 31, 2010 - Due From | | | \$ 253,492.69 |
| Increased by: | | | |
| Appropriated Reserve Expenditures: | | | |
| Disbursements | \$ 282,698.09 | | |
| 2011 Revenue Anticipated | <u>300,720.65</u> | | |
| | | | <u>583,418.74</u> |
| | | | <u>836,911.43</u> |
| Decreased by: | | | |
| Deposited in Current Fund: | | | |
| Grants Receivable | 371,303.36 | | |
| 2011 Budget Appropriations | <u>308,220.65</u> | | |
| | | | <u>679,524.01</u> |
| Balance December 31, 2011 - Due From | | | \$ <u><u>157,387.42</u></u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

FEDERAL AND STATE GRANT FUND

Sheet 1 of 2

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

| Grant | Balance Dec. 31, 2010 | 2011 Budget Revenue | Realized | Balance Dec. 31, 2011 |
|--|----------------------------------|------------------------------------|-----------------|----------------------------------|
| 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 | | 6,098.14 | 6,098.14 | |
| Body Armor Grant - 2011 | | 6,123.69 | 6,123.69 | |
| Bullet Proof Vests | | 8,904.38 | 8,904.38 | |
| Clean Communities Program | | 99,202.47 | 99,202.47 | |
| FFY 10 EMAA Allocation | | 5,000.00 | 5,000.00 | |
| FY 07 Homeland Security Grant | 3,758.46 | | 3,758.46 | |
| FY 07 Homeland Security Grant | 23,200.00 | | 10,666.01 | 12,533.99 |
| FY 08 Homeland Security Grant | 13,750.00 | | 13,750.00 | |
| FY 09 Homeland Security Grant | 119,702.00 | | | 119,702.00 |
| FY 09 Homeland Security Grant | | 32,700.00 | | 32,700.00 |
| FY 2010 NJ Department of Law and Public Safety - 966 Grant | 10,885.11 | | | 10,885.11 |
| FY 2011 NJ Department of Law and Public Safety - 966 Grant | | 7,040.00 | | 7,040.00 |
| FY 2012 NJ Department of Law and Public Safety - 966 Grant | | 20,544.40 | | 20,544.40 |
| Green Communities | 1,338.11 | | | 1,338.11 |
| Municipal Alcohol Education Rehabilitation Program - 2009 | 20.81 | | | 20.81 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2010 | 7,622.24 | | 7,618.17 | 4.07 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2011 | | 30,000.00 | 11,767.60 | 18,232.40 |
| 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 Economic Development Authority Public Entity Grant | 186,663.00 | | | 186,663.00 |
| Planning Assistance Grant | 40,000.00 | | | 40,000.00 |
| Recycling Tonnage Grant - 2009 | | 28,916.96 | 28,916.96 | |
| Recycling Tonnage Grant - 2008 | | 45,190.61 | 45,190.61 | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Exhibit A-16

Sheet 2 of 2

| <u>Grant</u> | <u>Balance Dec. 31, 2010</u> | <u>2011 Budget Revenue</u> | <u>Realized</u> | <u>Balance Dec. 31, 2011</u> |
|--|----------------------------------|------------------------------------|----------------------|----------------------------------|
| State Homeland Security | \$ 919.61 | \$ | \$ | \$ 919.61 |
| State of NJ Department of Health and Senior Services | | | | |
| Hepatitis B Reimbursement | | 5,000.00 | 5,000.00 | |
| Sustainable Jersey Small Grant 2011 | | 5,000.00 | 5,000.00 | |
| Tourism Grant | | 1,000.00 | 1,000.00 | |
| U.S. Department of Energy - Energy Grant | 173,500.00 | | 173,500.00 | |
| | <u>\$ 719,076.89</u> | <u>\$ 300,720.65</u> | <u>\$ 431,496.49</u> | <u>\$ 588,301.05</u> |
| Interfund - Grant Fund: | | | | |
| Receipts | | | \$ 371,303.36 | |
| Unappropriated Reserves Realized | | | <u>60,193.13</u> | |
| | | | <u>\$ 431,496.49</u> | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**CURRENT FUND**

Exhibit A-17

FEDERAL AND STATE GRANT FUND

Sheet 1 of 2

SCHEDULE OF APPROPRIATED RESERVES

| <u>Grant</u> | <u>Balance Dec. 31, 2010</u> | <u>Transfer from 2011 Budget Appropriation</u> | <u>Reserve for Encumbrances</u> | <u>Expended</u> | <u>Balance Dec. 31, 2011</u> |
|--|----------------------------------|--|-------------------------------------|-----------------|----------------------------------|
| Bayville First Aid Squad - Emergency Generator | \$ 105,000.00 | \$ | \$ 571.00 | \$ 571.00 | \$ 97,309.56 |
| Berkeley Township OEM EOC Renovation | | 6,123.69 | | 7,690.44 | 6,123.69 |
| Body Armor Grant - 2011 | | | | | 11,448.57 |
| Body Armor Replacement Program | 13,836.57 | | | 2,388.00 | 5,303.14 |
| Body Armor Replacement Program - 2010 | | 6,098.14 | | 795.00 | 400.11 |
| Bulletproof Vest Program | 400.11 | | | | 8,904.38 |
| Bulletproof Vest Program - 2008 | | 8,904.38 | | | 57.36 |
| Clean Communities Program | 119.64 | 99,202.47 | 1,990.12 | 101,254.87 | 400.00 |
| Click It Or Ticket | 400.00 | | | | 4,701.73 |
| Drunk Driving Enforcement Fund | 5,068.68 | | | 366.95 | 5,000.00 |
| Emergency Management Assistance for FFY08 | 5,000.00 | | | | 5,000.00 |
| Emergency Management Assistance for FFY09 | 5,000.00 | | | | 5,000.00 |
| FY 07 Homeland Security Grant | 2,801.53 | | | 2,495.00 | 306.53 |
| FY 07 Homeland Security Grant | 10,227.46 | | | 2,418.36 | 7,809.10 |
| FY 09 Homeland Security Grant | 4,899.59 | | 15,855.63 | 18,390.63 | 2,364.59 |
| FY 10 EMAA Allocation | | 5,000.00 | | | 5,000.00 |
| FY 10 Homeland Security Grant | | 32,700.00 | | 17,254.45 | 15,445.55 |
| FY 2010 NJ - 966 Grant | 6,270.61 | | | (2,061.33) | 8,331.94 |
| FY 2011 NJ - 966 Grant | | 7,040.00 | | | 7,040.00 |
| FY2012 966 Reimbursement Program | | 20,544.40 | | | 20,544.40 |
| Municipal Alliance - 2009 | 56.00 | | | | 56.00 |
| Municipal Alliance - 2010 | 10.53 | | 613.50 | 620.27 | 3.76 |
| Municipal Alliance - 2011 | | 30,000.00 | | 29,959.08 | 40.92 |
| Municipal Alliance - Local Share | 1,139.25 | 7,500.00 | | 7,500.00 | 1,139.25 |
| NJ Department of Law and Public Safety - 966 Grant | 680.18 | | 1,316.87 | 1,927.42 | 69.63 |
| NJ EDA - Public Entity Grant | 37,623.12 | | | | 37,623.12 |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

FEDERAL AND STATE GRANT FUND

Sheet 2 of 2

SCHEDULE OF APPROPRIATED RESERVES

| <u>Grant</u> | <u>Balance Dec. 31, 2010</u> | <u>Transfer from 2011 Budget Appropriation</u> | <u>Reserve for Encumbrances</u> | <u>Expended</u> | <u>Balance Dec. 31, 2011</u> |
|---|----------------------------------|--|-------------------------------------|----------------------|----------------------------------|
| Phase Two Bayville Volunteer Fire Company | \$ 297.74 | | | | \$ 297.74 |
| Planning Assistance Grant | 4,076.66 | | | | 4,076.66 |
| Recycling Tonnage Grant 2008 | | 45,190.61 | | 44,943.02 | 247.59 |
| Recycling Tonnage Grant 2009 | | 28,916.96 | | 19,100.33 | 9,816.63 |
| Recycling Tonnage Grant | 32,297.76 | | | 32,030.67 | 267.09 |
| Recycling Tonnage Grant | 551.99 | | | | 551.99 |
| State Homeland Security Grant Phase 2-015 | 376.82 | | 600.00 | | 976.82 |
| U.S. Department of Energy-Energy Grant | 148,309.71 | | | 141,059.24 | 7,250.47 |
| State of NJ Department of Health and Senior Services Hepatitis B Reimbursement | | 5,000.00 | | 665.00 | 4,335.00 |
| Sustainable Jersey Small Grant - 2011 | | 5,000.00 | | | 5,000.00 |
| Tourism Grant | | 1,000.00 | | | 1,000.00 |
| | <u>\$ 384,443.95</u> | <u>\$ 308,220.65</u> | <u>\$ 20,947.12</u> | <u>\$ 429,368.40</u> | <u>\$ 284,243.32</u> |
| Paid by Current Fund | | | | \$ 282,698.09 | |
| Reserve for Encumbrances | | | | <u>146,670.31</u> | |
| | | | | <u>\$ 429,368.40</u> | |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-18

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

| <u>Grant</u> | <u>Balance Dec. 31, 2010</u> | <u>Utilized</u> |
|--|---|------------------------|
| Department of Justice 2008 Bullet Proof Vest Grant | \$ 3,260.64 | \$ 3,260.64 |
| Department of Justice 2008 Bullet Proof Vest Grant | 5,643.74 | 5,643.74 |
| 2010 Body Armor Replacement Grant | 6,098.14 | 6,098.14 |
| Recycling Tonnage Grant | 45,190.61 | 45,190.61 |
| | <u>\$ 60,193.13</u> | <u>\$ 60,193.13</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

| | Animal Control Trust Fund | Trust-Other Fund |
|------------------------------------|--------------------------------------|-------------------------|
| Balance December 31, 2010 | \$ 59,472.99 | \$ 7,150,297.40 |
| Increased by Receipts: | | |
| Animal Control License Fees | \$ 39,335.40 | |
| Miscellaneous Reserves | | \$ 4,395,960.92 |
| Reserve For Open Space | | 276,510.04 |
| Due To State of New Jersey | 5,802.60 | 42,226.00 |
| Interfunds: | | |
| Current Fund | 130.25 | 5,234,466.92 |
| Payroll Fund | | 43,068.54 |
| | <u>45,268.25</u> | <u>9,992,232.42</u> |
| | 104,741.24 | 17,142,529.82 |
| Decreased by Disbursements: | | |
| Expenditures Under R.S. 4:19-15.11 | 61,863.64 | |
| Miscellaneous Reserves | | 4,385,688.69 |
| Reserve For Open Space | | 785,545.78 |
| Due To State of New Jersey | 4,581.00 | 41,872.00 |
| Interfunds: | | |
| Current Fund | 173.29 | 5,922,513.14 |
| Payroll Fund | | 69,018.20 |
| | <u>66,617.93</u> | <u>11,204,637.81</u> |
| Balance December 31, 2011 | \$ <u>38,123.31</u> | \$ <u>5,937,892.01</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, 2010 | \$ 59,417.35 |
| Increased by: | |
| Miscellaneous Fees Collected | <u>39,335.40</u> |
| | 98,752.75 |
| Decreased by: | |
| Expenditures Under R.S. 4:19-15.11 | <u>61,863.64</u> |
| Balance December 31, 2011 | \$ <u>36,889.11</u> |

License and Penalty Fees Collected

| <u>Year</u> | <u>Amount</u> |
|--------------------|----------------------|
| 2010 | \$ <u>38,040.80</u> |
| 2009 | <u>38,551.80</u> |
| | \$ <u>76,592.60</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-3

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Animal Control Current Fund | Trust-Other Current Fund | Payroll Fund |
|---|-------------------------------|--|---|-----------------------------|
| Balance December 31, 2010 - (Due From)/Due To | \$ <u>55,333.05</u> | \$ <u>43.04</u> | \$ <u>29,325.35</u> | \$ <u>25,964.66</u> |
| Decreased by: | | | | |
| Disbursed | 5,720,813.24 | 173.29 | 5,651,621.75 | 69,018.20 |
| Police Special Duty | | | | 15.00 |
| 2011 Tax Levy - Open Space | <u>270,891.39</u> | | <u>270,891.39</u> | |
| Total Increases | <u>5,991,704.63</u> | <u>173.29</u> | <u>5,922,513.14</u> | <u>69,033.20</u> |
| Total Increases and Balances | <u>(5,936,371.58)</u> | <u>(130.25)</u> | <u>(5,893,187.79)</u> | <u>(43,068.54)</u> |
| Increase by: | | | | |
| Receipts | <u>5,277,665.71</u> | <u>130.25</u> | <u>5,234,466.92</u> | <u>43,068.54</u> |
| Balance December 31, 2011 - (Due From)/Due To | \$ <u><u>(658,705.87)</u></u> | \$ <u><u> </u></u> | \$ <u><u>(658,720.87)</u></u> | \$ <u><u> </u></u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

| | | |
|--|-----------------|------------------------|
| Balance December 31, 2010 | | \$ 5,597,888.71 |
| Increased by: | | |
| Receipts | \$ 4,395,960.92 | |
| Transfer Deficit in Reserve for Construction | 20,144.77 | |
| Interfund - Payroll | <u>15.00</u> | |
| | | 10,014,009.40 |
| Decreased by: | | |
| Disbursements | | <u>4,385,688.69</u> |
| Balance December 31, 2011 | | <u>\$ 5,628,320.71</u> |

Analysis of Balance

| | | |
|--|-------------------|------------------------|
| Reserve for: | | |
| Law Enforcement | \$ 29,469.64 | |
| Allied Risk Management (PMA) | 21,622.46 | |
| Sanitary Landfill | 12,923.38 | |
| Unemployment Compensation | 28,462.48 | |
| Tree Inspection Fees | 1,770.03 | |
| Tax Map Maintenance | 307.80 | |
| Developer Application Review | 60,829.95 | |
| Recreation Fees Trust | 8,622.59 | |
| Founders Day (Special Events Activities) | 3,455.50 | |
| Drainage Improvements | 287,888.66 | |
| Affordable Housing | 901,492.26 | |
| Uniform Fire Safety Act - Penalty Monies | 7,088.16 | |
| Fire Prevention Donations | 8,670.83 | |
| Street Opening | 272.00 | |
| DARE | 12,492.81 | |
| Developers Road Impact | 376,596.25 | |
| Public Defender | 1,605.48 | |
| Tax Sale Premium | 775,015.00 | |
| POAA | 899.17 | |
| Third Party Liens | 198,587.50 | |
| Foreclosure | 11,112.88 | |
| Developers Escrow | 2,355,344.14 | |
| Outside Employment - Off Duty Police | 22,281.47 | |
| Inspection Fees-Grading | 16,116.40 | |
| Planning/Zoning Board Escrow | 117,553.14 | |
| Recreation - Developer Contributions | 39,500.00 | |
| Reserve for ABC Fees | 63.00 | |
| Tree Planting | 1,017.02 | |
| Municipal Alliance Donations | 6,218.14 | |
| Disposal of Forfeited Property | 3,170.47 | |
| Inspection Holly Park | 3,141.84 | |
| Reserve for Berkeley Estates | <u>314,730.26</u> | |
| | | <u>\$ 5,628,320.71</u> |

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE

Exhibit B-5

| | | |
|----------------------------|-----------------|----------------------|
| Balance December 31, 2010 | | \$ 1,496,378.68 |
| Increased by: | | |
| 2011 Tax Levy - Open Space | \$ 270,891.39 | |
| Interest on Deposits | <u>5,618.65</u> | |
| | | <u>276,510.04</u> |
| | | 1,772,888.72 |
| Decreased by: | | |
| Disbursements | | <u>785,545.78</u> |
| Balance December 31, 2011 | | \$ <u>987,342.94</u> |

SCHEDULE OF RESERVE FOR LENGTH OF SERVICE

AWARDS PROGRAM (LOSAP) - UNAUDITED

Exhibit B-6

| | | |
|---------------------------|------------------|------------------------|
| Balance December 31, 2010 | | \$ 1,399,996.28 |
| Increased by: | | |
| Contributions | \$ 208,413.00 | |
| Interest Earned | <u>11,299.12</u> | |
| | | <u>219,712.12</u> |
| | | 1,619,708.40 |
| Decreased by: | | |
| Distributions | 250,420.27 | |
| Gain/Loss | 26,115.58 | |
| Charges/Adjustments | <u>26,314.86</u> | |
| Distributions | | <u>302,850.71</u> |
| Balance December 31, 2011 | | \$ <u>1,316,857.69</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

SCHEDULE OF CASH - TREASURER

| | | | |
|--------------------------------------|----|---------------------|-------------------------------|
| Balance December 31, 2010 | | | \$ 2,162,879.02 |
| Increased by: | | | |
| Capital Improvement Fund | \$ | 58,000.00 | |
| Grants Receivable | | 418,750.00 | |
| Bond Anticipation Notes | | <u>4,324,871.00</u> | |
| | | | <u>4,801,621.00</u> |
| | | | 6,964,500.02 |
| Decreased by Disbursements: | | | |
| Improvement Authorizations | | 3,551,284.92 | |
| Reserve for Debt Service Utilized as | | | |
| Current Fund Revenue | | 751,688.25 | |
| Interfund - Current Fund | | <u>704.79</u> | |
| | | | <u>4,303,677.96</u> |
| Balance December 31, 2011 | | | \$ <u><u>2,660,822.06</u></u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

ANALYSIS OF CAPITAL CASH

| | | Receipts | | | Disbursements | | Transfers | | Balance | |
|--|---|--------------------------|-------------------------|-----------------|---------------|-------------------------------|---------------|-----------------|-----------------|-----------------|
| | | Balance Dec. 31, 2010 | Budget Appropriation | Notes Issued | Miscellaneous | Improvement Authorizations | Miscellaneous | From | To | Dec. 31, 2011 |
| Capital Improvement Fund | | \$ 76,497.97 | \$ 58,000.00 | | | \$ | | \$ 131,500.00 | | \$ 2,997.97 |
| Grants Receivable | | (1,332,082.42) | | | 418,750.00 | | | 261,418.00 | | (1,174,750.42) |
| EIT Loan Proceeds Receivable | | (1,684,297.00) | | | | | | | | (1,684,297.00) |
| Ordinance 09-11-Reserve for Notes Issued to Fund EIT Loan Receivable | | | | | | | | | 1,005,700.00 | 1,005,700.00 |
| Interfund - Current Fund | | 704.79 | | | | | 704.79 | | | |
| Reserve for Encumbrances | | 488,822.26 | | | | | | 488,822.26 | 1,997,547.08 | 1,997,547.08 |
| Reserve for Debt Service | | 2,400.01 | | | | | 751,688.25 | | 751,688.25 | 2,400.01 |
| Ordinance Number | Improvement Description | | | | | | | | | |
| 01-03 | Various Capital Improvements | | | | | 185.55 | | 9,814.45 | 10,000.00 | |
| 02-13 | Various Capital Improvements | | | | | 722.78 | | | 722.78 | |
| 03-09 | Various Capital Improvements | 3,331.36 | | | | 756.10 | | 3,331.36 | 756.10 | |
| 04-09, 06-32, 07-37 | Various Capital Improvements | 22,280.05 | | | | 19,122.40 | | 24,780.15 | 21,622.50 | |
| 04-38 | Various Capital Improvements | 619.22 | | | | | | 619.22 | | |
| 05-04 | Various Capital Improvements | 141,273.32 | | | | 5,474.42 | | 146,783.40 | 11,058.08 | 73.58 |
| 06-31 | Various Capital Improvements | 576,540.25 | | | | 99,701.78 | | 218,512.61 | | 258,325.86 |
| 07-13 | Various Capital Improvements | 45,378.57 | | | | 20,448.93 | | 63,283.89 | 39,019.56 | 665.31 |
| 07-26 | Removal, Closure, Disposal and Replacement of Tanks and Site Remediation | | | | | (77.96) | | 77.96 | | |
| 08-10 | Various Capital Improvements | 600,203.60 | | | | 220,364.40 | | 138,598.24 | 253,841.56 | 495,082.52 |
| 09-11, 09-26 | Various Capital Improvements | 2,446,248.67 | | 2,044,871.00 | | 1,644,274.67 | | 1,300,788.36 | 104,820.87 | 1,650,877.51 |
| 10-31 | Various Capital Improvements | 347,321.37 | | 2,280,000.00 | | 1,378,127.58 | | 577,899.87 | 20,033.63 | 691,327.55 |
| 10-267-Resolution | Acquisition of Fire Vehicle | | | | | 26,947.18 | | | 26,947.18 | |
| 10-396-Resolution | Various Capital Improvements | 427,637.00 | | | | 766.35 | | 422,625.00 | | 4,245.65 |
| 11-18 | Various Capital Improvements | | | | | 134,020.74 | | 918,060.10 | 442,918.00 | (609,162.84) |
| 11-189A-Resolution | Acquisition of Fire Vehicle | | | | | 450.00 | | | 20,239.28 | 19,789.28 |
| | | \$ 2,162,879.02 | \$ 58,000.00 | \$ 4,324,871.00 | \$ 418,750.00 | \$ 3,551,284.92 | \$ 752,393.04 | \$ 4,706,914.87 | \$ 4,706,914.87 | \$ 2,660,822.06 |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2010

\$ 29,753,746.40

Decreased by:

Principal Reductions:

Serial Bonds

\$ 2,680,000.00

NJEIT Loans

174,231.64

Green Trust Loans

75,461.67

2,929,693.31

Balance December 31, 2011

\$ 26,824,053.09

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| | | | | Analysis of Balance Dec. 31, 2011 | | | |
|------------------------------------|---------------------------------------|---|-------------------------|--|---|------------------------------------|--------------------------------------|
| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2010</u> | <u>Increases</u> | <u>Balance Dec. 31, 2011</u> | <u>Financed by Bond Anticipation Notes</u> | <u>Expended Balance</u> | <u>Unexpended Balance</u> |
| 09-11, 09-26 | Various Capital Improvements | \$ 1,039,171.00 | | \$ 1,039,171.00 | \$ 1,039,171.00 | \$ | \$ |
| 10-31 | Various Capital Improvements | 2,280,000.00 | 50,000.00 | 2,330,000.00 | 2,280,000.00 | | 50,000.00 |
| 11-18 | Various Capital Improvements | | 2,498,500.00 | 2,498,500.00 | | 609,162.84 | 1,889,337.16 |
| | | <u>\$ 3,319,171.00</u> | <u>\$ 2,548,500.00</u> | <u>\$ 5,867,671.00</u> | <u>\$ 3,319,171.00</u> | <u>\$ 609,162.84</u> | <u>\$ 1,939,337.16</u> |

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes

\$ 3,669,835.71

| <u>Ordinance Number</u> | <u>Improvement Description</u> | | |
|------------------------------------|---------------------------------------|-------------------|------------------------|
| 09-11, 09-26 | Various Capital Improvements | \$ 1,039,171.00 | |
| 10-31 | Various Capital Improvements | <u>691,327.55</u> | <u>1,730,498.55</u> |
| | | | <u>\$ 1,939,337.16</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | |
|--|--------------------|
| Balance December 31, 2010 | \$ 76,497.97 |
| Increased by: | |
| Budget Appropriation | <u>58,000.00</u> |
| | 134,497.97 |
| Decreased by: | |
| Appropriations to Finance Improvement Authorizations | <u>131,500.00</u> |
| Balance December 31, 2011 | \$ <u>2,997.97</u> |

SCHEDULE RESERVE FOR DEBT SERVICE

Exhibit C-6

| | |
|--|--------------------|
| Balance December 31, 2010 | \$ 2,400.01 |
| Increased by: | |
| Cancelled Improvement Authorizations-Funded | <u>751,688.25</u> |
| | 754,088.26 |
| Decreased by: | |
| Utilized as Current Fund Anticipated Revenue | <u>751,688.25</u> |
| Balance December 31, 2011 | \$ <u>2,400.01</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Ordinance | | Balance Dec. 31, 2010 | | 2011 Authorizations | Reserve for Encumbrances | Paid or Charged | Cancelled | Balance Dec. 31, 2011 | |
|---------------------|---|------------|-----------------|--------------------------|------------------------|------------------------|-----------------------------|------------------------|----------------------|--------------------------|------------------------|
| | | Date | Amount | Funded | Unfunded | | | | | Funded | Unfunded |
| 01-03 | Various Capital Improvements | 3/13/2001 | \$ 1,744,800.00 | \$ | \$ | \$ | \$ 10,000.00 | \$ 10,000.00 | \$ | \$ | \$ |
| 02-13 | Various Capital Improvements | 3/26/2002 | 2,376,000.00 | | | | 722.78 | 722.78 | | | |
| 03-09 | Various Capital Improvements | 3/11/2003 | 2,640,800.00 | 3,331.36 | | | 756.10 | 756.10 | 3,331.36 | | |
| 04-09,06-32,07-37 | Various Capital Improvements | 3/24/2004 | 3,695,939.00 | 22,280.05 | | | 21,622.50 | 19,122.40 | 24,780.15 | | |
| 04-38 | Various Capital Improvements | 12/28/2004 | 1,077,500.00 | 619.22 | | | | | 619.22 | | |
| 05-04 | Various Capital Improvements | 2/22/2005 | 3,721,829.00 | 141,273.32 | | | 11,058.08 | 5,474.42 | 146,783.40 | 73.58 | |
| 06-31 | Various Capital Improvements | 5/23/2006 | 5,849,102.00 | 576,540.25 | | | | 100,490.65 | 217,723.74 | 258,325.86 | |
| 06-45 | Contribution for Open Space Property Acquisition-Potter Creek | 9/26/2006 | 2,350,000.00 | | | | | | | | |
| 07-13 | Various Capital Improvements | 4/10/2007 | 5,500,773.00 | 45,378.57 | | | 39,019.56 | 31,886.93 | 51,845.89 | 665.31 | |
| 07-26 | Removal, Closure, Disposal and Replacement of Tanks and Site Remediation | 10/09/2007 | 562,557.15 | | | | | | | | |
| 08-10 | Various Capital Improvements | 4/09/2008 | 5,162,510.00 | 600,203.60 | | | 253,841.56 | 229,755.87 | 129,206.77 | 495,082.52 | |
| 08-31 | Various Water Well acquisitions and Installation | | | | | | | | | | |
| 09-11, 09-26 | Various Capital Improvements | 4/28/2009 | 6,209,795.00 | 2,446,248.67 | 1,039,171.00 | | 104,820.87 | 1,939,363.03 | | 611,706.51 | 1,039,171.00 |
| 10-31 | Various Capital Improvements | 10/12/2010 | 2,650,000.00 | 347,321.37 | 2,280,000.00 | | 20,033.63 | 1,906,027.45 | | | 741,327.55 |
| 10-267-Resolution | Acquisition of Fire Vehicle | N/A | | | | | 26,947.18 | 26,947.18 | | | |
| 10-396-Resolution | Various Capital Improvements | N/A | | 427,637.00 | | | | 225,754.35 | 197,637.00 | 4,245.65 | |
| 11-18 | Various Capital Improvements | 7/12/2011 | 2,941,418.00 | | | 2,941,418.00 | | 1,052,080.84 | | | 1,889,337.16 |
| 11-189A-Resolution | Acquisition of Fire Vehicle | N/A | | | | 20,239.28 | | 450.00 | | 19,789.28 | |
| | | | | <u>\$ 4,610,833.41</u> | <u>\$ 3,319,171.00</u> | <u>\$ 2,961,657.28</u> | <u>\$ 488,822.26</u> | <u>\$ 5,548,832.00</u> | <u>\$ 771,927.53</u> | <u>\$ 1,389,888.71</u> | <u>\$ 3,669,835.71</u> |
| | Reserve for Encumbrances | | | | | | | \$ 1,997,547.08 | | | |
| | Disbursements | | | | | | | <u>3,551,284.92</u> | | | |
| | | | | | | | | <u>\$ 5,548,832.00</u> | | | |
| | Deferred Charges - Unfunded | | | | | \$ 2,498,500.00 | | | \$ | | |
| | Capital Improvement Fund | | | | | 131,500.00 | | | | | |
| | Reappropriated | | | | | 20,239.28 | | | 20,239.28 | | |
| | Reserve for Payment of Debt | | | | | | | | 751,688.25 | | |
| | Grants Receivable | | | | | <u>311,418.00</u> | | | | | |
| | | | | | | <u>\$ 2,961,657.28</u> | | | <u>\$ 771,927.53</u> | | |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

| <u>Purpose</u> | <u>Year Issued</u> | <u>Original Issue</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2010</u> | <u>Decreases</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------|-------------------------------|----------------------------------|---------------------------------|---|-------------------------|---|
| NJ Fund Loan | 2007 | \$ 975,000.00 | 0.00% | \$ 859,727.96 | \$ 53,899.64 | \$ 805,828.32 |
| NJ Trust Loan | 2007 | 345,000.00 | 3.40% to 5.00% | 325,000.00 | 15,000.00 | 310,000.00 |
| NJ Fund Loan | 2008 | 409,303.00 | 0.00% | 364,301.31 | 31,906.59 | 332,394.72 |
| NJ Trust Loan | 2008 | 405,000.00 | 5.00% to 5.50% | 380,000.00 | 25,000.00 | 355,000.00 |
| NJ Fund Loan | 2010 | 250,000.00 | 3.845% to 4.260% | 250,000.00 | 10,000.00 | 240,000.00 |
| NJ Trust Loan | 2010 | 755,700.00 | 0.00% | 730,083.06 | 38,425.41 | 691,657.65 |
| | | | | <u>\$ 2,909,112.33</u> | <u>\$ 174,231.64</u> | <u>\$ 2,734,880.69</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, 2011 | | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|--------------------------|---------------|-----------------|---|---------------|---------------|-------------------------|------------------------------|-------------------------|
| | | | Date | Amount | | | | |
| General Obligation Bonds | 4/15/2001 | \$ 6,285,000.00 | 4/15/2012 | \$ 710,000.00 | 4.350% | \$ 1,390,000.00 | \$ 680,000.00 | \$ 710,000.00 |
| General Obligation Bonds | 5/15/2004 | 8,103,000.00 | 5/15/2012 | 830,000.00 | 4.000% | | | |
| | | | 5/15/2013 | 880,000.00 | 4.000% | | | |
| | | | 5/15/2014 | 930,000.00 | 4.125% | | | |
| | | | 5/15/2015 | 973,000.00 | 4.250% | 4,393,000.00 | 780,000.00 | 3,613,000.00 |
| General Obligation Bonds | 7/01/2006 | 9,384,000.00 | 07/01/12 | 720,000.00 | 4.000% | | | |
| | | | 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% | 7,199,000.00 | 720,000.00 | 6,479,000.00 |
| General Obligation Bonds | 1/07/2010 | 12,745,000.00 | 1/15/2012 | 800,000.00 | 3.000% | | | |
| | | | 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% | 12,745,000.00 | 500,000.00 | 12,245,000.00 |
| | | | | | | <u>\$ 25,727,000.00</u> | <u>\$ 2,680,000.00</u> | <u>\$ 23,047,000.00</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF GREEN TRUST LOANS PAYABLE

| Purpose | Year | Original Issue | Maturities of Loans Outstanding Dec. 31, 2011 | | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|------------------------------|-------------|---------------------------|--|---------------|--------------------------|----------------------------------|---|----------------------------------|
| | | | Date | Amount | | | | |
| Recreation Acquisition | 2001 | \$ 185,825.17 | 5/01/2012 to 11/01/2017 | | | | | |
| | | | Level Debt Payments | \$ 7,001.07 | 2.00% | \$ 91,040.23 | \$ 12,242.32 | \$ 78,797.91 |
| Veterans' Park Driving Range | 2001 | 409,630.28 | 4/26/2012 to 4/26/2021 | | | | | |
| | | | Level Debt Payments | 16,845.81 | 2.00% | 317,661.24 | 27,475.12 | 290,186.12 |
| Toms River Park | 2008 | 500,000.00 | 3/21/2012 to 3/21/2027 | | | | | |
| | | | Level Debt Payments | 15,880.75 | 2.00% | 444,497.25 | 22,985.92 | 421,511.33 |
| Toms River Park Phase II | 2008 | 289,202.77 | 2/19/2012 to 2/19/2028 | | | | | |
| | | | Level Debt Payments | 8,991.78 | 2.00% | 264,435.35 | 12,758.31 | 251,677.04 |
| | | | | | | <u>\$ 1,117,634.07</u> | <u>\$ 75,461.67</u> | <u>\$ 1,042,172.40</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit C-11

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Date of Original Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Issued for Cash</u> | <u>Balance Dec. 31, 2011</u> |
|------------------------------------|---------------------------------------|--|------------------------------------|---------------------------------|-----------------------------------|---|
| 09-11, 09-26 | Various Capital Improvements | 4/27/2011 | 4/26/2012 | 1.24% | \$ 2,044,871.00 | \$ 2,044,871.00 |
| 10-31 | Various Capital Improvements | 4/27/2011 | 4/26/2012 | 1.24% | <u>2,280,000.00</u> | <u>2,280,000.00</u> |
| | | | | | <u>\$ 4,324,871.00</u> | <u>\$ 4,324,871.00</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF GRANTS RECEIVABLE

| <u>Ordinance Number</u> | <u>Description</u> | <u>Balance Dec. 31, 2010</u> | <u>Grants Utilized</u> | <u>Received</u> | <u>Cancelled</u> | <u>Balance Dec. 31, 2011</u> |
|------------------------------------|---|---|-----------------------------------|------------------------|-------------------------|---|
| 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 | 285,000.00 | | 213,750.00 | | 71,250.00 |
| 09-29, 09-11 | CDBG - Pembroke Lane | 55,000.00 | | 55,000.00 | | |
| 09-29, 09-11 | U.S. Department of Justice - Digital Video | 500,000.00 | | | | 500,000.00 |
| 10-31 | NJ DOT - Road Improvements | 250,000.00 | | 150,000.00 | 50,000.00 | 50,000.00 |
| 11-18 | NJ DOT - Prince Charles Drive and 22nd Street | | 220,000.00 | | | 220,000.00 |
| 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 |
| | | <u>\$ 1,332,082.42</u> | <u>\$ 311,418.00</u> | <u>\$ 418,750.00</u> | <u>\$ 50,000.00</u> | <u>\$ 1,174,750.42</u> |

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

**Ordinance
Number**

11-18

Improvement Description

Various Capital Improvements

**Balance
Dec. 31, 2011**

\$ 2,498,500.00

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, 2011

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.
BRIAN K. LOGAN, C.P.A., R.M.A., P.S.A.
DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.
DONALD F. HILL, C.P.A., P.S.A.
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Township of Berkeley (the "Township"), as of and for the year ended December 31, 2011, and have issued our report thereon dated July 27, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and a qualified opinion since the Division does not require the Length of Service Award Program ("LOSAP") to be audited. Except as noted in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting (Continued)

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Township dated July 27, 2012.

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

William E. Antonides and Company
Independent Auditors

July 27, 2012

TOWNSHIP OF BERKELEY

COUNTY OF OCEAN

PART IV

SINGLE AUDIT SECTION

FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN

ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Township of Berkeley's (the "Township") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on Township's major federal programs for the year ended December 31, 2011. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William E. Antonides and Company
Independent Auditors

July 27, 2012

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2011

| Grantor/Program Title | Federal C.F.D.A. Number | Grant Period | | Program or Award Amount | Receipts | Expenditures | Cumulative Expenditures |
|--|-------------------------------|---------------------|----|-------------------------------|----------------------|----------------------|----------------------------|
| | | From | To | | | | |
| <u>Department of Transportation</u> | | | | | | | |
| Pass-Through: | | | | | | | |
| New Jersey Department of Transportation: | | | | | | | |
| Highway Planning and Construction | 20.205 | 2010 FY | | \$ 200,000.00 | \$ 150,000.00 | \$ 200,000.00 | \$ 200,000.00 |
| Highway Planning and Construction | 20.205 | 2009 FY | | 285,000.00 | 213,750.00 | 285,000.00 | 285,000.00 |
| | | | | | <u>363,750.00</u> | <u>485,000.00</u> | <u>485,000.00</u> |
| <u>Department of Homeland Security</u> | | | | | | | |
| Pass-Through: | | | | | | | |
| New Jersey Department of Law and Public Safety | | | | | | | |
| Emergency Management Performance Grant | 97.042 | 2011 FY | | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| Inter-Agency Hazardous Material Training and Planning Grants | 20.703 | 2011 FY | | 8,869.45 | 8,869.45 | 8,869.45 | 8,869.45 |
| | | | | | <u>13,869.45</u> | <u>13,869.45</u> | <u>13,869.45</u> |
| <u>Department of Housing and Urban Development</u> | | | | | | | |
| Pass-Through: | | | | | | | |
| Community Development Block Grant | | | | | | | |
| County of Ocean | 14.218 | 2009 Until Finished | | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 |
| | | | | | <u>\$ 432,619.45</u> | <u>\$ 553,869.45</u> | <u>\$ 553,869.45</u> |

TOWNSHIP OF BERKELEY COUNTY OF OCEAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes grant activity of the Township of Berkeley and is presented on the regulatory basis of accounting (as described in note 1C. of the financial statements). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

Expenditures, as reported on the accompanying Schedule of Expenditures of Federal Awards, reflects cash disbursements and outstanding encumbrances charged directly to Borough funds as follows:

| <u>Fund</u> | <u>Amount</u> |
|----------------------|-------------------|
| Current Fund | \$ 8,869 |
| Grant Fund | 5,000 |
| General Capital Fund | <u>540,000</u> |
| | \$ <u>553,869</u> |

NOTE 2. CONTINGENCIES

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

BOROUGH OF BERKELEY - COUNTY OF OCEAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified?

Yes ☐ No ☒

2) Reportable condition(s) identified that are not considered material weaknesses?

Yes ☒ None ☐

Noncompliance material to financial statements noted?

Yes ☐ No ☒

Federal Awards

Dollar threshold used to determine Type A and B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes ☐ No ☒

Internal Control over major programs"

1) Material weakness(es) identified?

Yes ☐ No ☒

2) Reportable condition(s) identified that are not considered to be material weaknesses?

Yes ☐ None ☒

Type of auditor's report on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular Letter A-133?

Yes ☐ No ☒

Identification of major programs:

**Federal Grant/
CFDA Number(s)**

Name of Federal Program

20.205

Highway Planning and Construction

BOROUGH OF BERKELEY - COUNTY OF OCEAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - Federal Awards Findings and Questioned Costs

This section identifies audit findings required to be reported by Section .510(a) of USOMB Circular A-133.

Federal Awards

Finding: None

Information on the federal program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

TOWNSHIP OF BERKELEY

COUNTY OF OCEAN

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer, 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 31st, 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, 2011 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, 2011.
3. Effective January 1, 2011 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.

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 5, 2011 and was complete.

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

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

| <u>Year</u> | <u>Number of Liens</u> |
|--------------------|-----------------------------------|
| 2011 | 219 |
| 2010 | 113 |
| 2009 | 40 |

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 2011.

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

The proprietary 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. Findings 10-03 and 10-04 were not corrected in 2011 and appear as Findings 11-03 and 11-04 for the period under audit. Finding 10-01 regarding Construction Department cash book, Finding 10-02 regarding payroll analysis and Finding 10-05 regarding coding for expenditure adjustments to Current Fund were addressed in 2011.

FINDINGS/RECOMMENDATIONS

Tax Collector

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

11-01 Finding - Several 2011 tax billing adjustments were made without formal authorization. It was also noted that several of the 2011 tax billing adjustments were formally authorized in 2012 prior to completion of our audit examination.

Recommendation - That internal controls be enhanced to ensure that required authorizations are obtained prior to the recording of tax billing adjustments.

Payroll

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

11-02 Finding - Payroll cash reconciliations were not performed in a timely manner.

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

Finance Department Computerized Reports

11-03 Finding - There were numerous manual journal entries made for cash transactions in the Township's Current Fund, General Capital Fund, Payroll and Trust Funds general ledgers.

Recommendation - That the automated cash journal modules be utilized.

11-04 Finding - Several non-cash manual journal entries were utilized to adjust monthly balances for various accounts including tax and inter-fund accounts.

Recommendation - That non-cash journal entries not be made until year-end.

Overexpenditure of Construction Trust Fund Dedicated Reserve

11-05 Finding - The Township's Construction Trust Fund Dedicated Reserve was overexpended.

Recommendation - That procedures be developed to ensure the Construction Trust Fund Dedicated Reserve is not over-expended.

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.

* * * * *