

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
YEARS ENDED DECEMBER 31, 2012 AND 2011

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
with  
INDEPENDENT AUDITOR'S REPORTS  
and  
COMMENTS AND RECOMMENDATIONS

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

TABLE OF CONTENTS

Year ended December 31, 2012

Independent Auditor's Report

Financial Statements Exhibit

Current Fund

Comparative Balance Sheet - Regulatory Accounting Basis	A
Comparative Statement of Operations and Changes in Fund Balance - Regulatory Accounting Basis	A-1
Statement of Revenues - Regulatory Accounting Basis	A-2
Statement of Appropriations - Regulatory Accounting Basis	A-3

Trust Fund

Comparative Balance Sheet - Regulatory Accounting Basis	B
---	---

General Capital Fund

Comparative Balance Sheet - Regulatory Accounting Basis	C
Comparative Statement of Fund Balance - Regulatory Accounting Basis	C-1

General Fixed Assets Account Group

Comparative Balance Sheet- Regulatory Accounting Basis	D
Statement of Investments in General Fixed Assets - Regulatory Accounting Basis	D-1

Notes To Financial Statements

Supplementary Schedules Schedule

Current Fund

Schedule of Cash	1-A
Schedule of Change Funds	2-A
Schedule of Due From/(To) State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A
Schedule of Taxes Receivable and Analysis of Property Tax Levy	4-A
Schedule of Tax Title Liens Receivable	5-A
Schedule of Property Acquired for Taxes - Assessed Valuation	6-A
Schedule of Deferred Charges	7-A

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

TABLE OF CONTENTS

Year ended December 31, 2012

<u>Supplementary Schedules</u>	<u>Schedule</u>
<u>Current Fund</u> (continued)	
Schedule of Revenue Accounts Receivable	8-A
Schedule of Open Space Fund	9-A
Schedule of State Grants Receivable	10-A
Schedule of Reserve for State Grants - Appropriated	11-A
Schedule of 2011 Appropriation Reserves	12-A
Schedule of Accounts Payable	13-A
Schedule of Encumbrances Payable	14-A
Schedule of Prepaid Taxes	15-A
Schedule of County Taxes Payable	16-A
Schedule of Due County for Added and Omitted Taxes	17-A
Schedule of Local District School Tax Payable	18-A
Schedule of Regional High School Tax Payable	19-A
Schedule of Due To State and Local Agencies	20-A
Schedule of Various Reserves	21-A
Schedule of Special Emergency Note Payable	22-A
<u>Trust Fund</u>	
Schedule of Cash - Treasurer	1-B
Schedule of Reserve for Dog Fund Expenditures	2-B
Schedule of Due To State of New Jersey Department of Health	3-B
Schedule of Due To Third Parties	4-B
Schedule of Reserve for Various Trusts	5-B
Schedule of Investments - Length of Service Awards Program Fund	6-B
Schedule of Miscellaneous Reserves - Length of Service Awards Program Fund	7-B
<u>General Capital Fund</u>	
Schedule of Cash - Treasurer	1-C
Schedule of Analysis of General Capital Cash	2-C
Schedule of Deferred Charges To Future Taxation - Funded	3-C
Schedule of Deferred Charges To Future Taxation - Unfunded	4-C
Schedule of General Serial Bonds	5-C
Schedule of Bond Anticipation Notes	6-C
Schedule of Green Trust Loan Payable	7-C
Schedule of Improvement Authorizations	8-C
Schedule of Capital Improvement Fund	9-C
Schedule of Reserve To Purchase Fire Truck	10-C
Schedule of Grants and Intergovernmental Receivable	11-C
Schedule of Bond and Notes Authorized But Not Issued	12-C

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

TABLE OF CONTENTS

Year ended December 31, 2012

<u>Supplementary Schedules</u>	<u>Schedule</u>
<u>General Fixed Assets Account Group</u>	
Schedule of Land	1-D
Schedule of Buildings and Improvements	2-D
Schedule of Machinery, Equipment and Vehicles	3-D
<u>Comments Section</u>	
Scope of Audit	
Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4	
Collection of Interest on Delinquent Taxes and Assessments	
Tax Sale	
Confirmation of Delinquent Taxes and Other Charges	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	
Comparative Schedule of Tax Rate Information	
Apportionment of Tax Rate	
Assessed Valuations	
Comparison of Tax Levies and Collection Currently	
Comparative Schedule of Tax Title Liens	
Property Acquired by Tax Title Lien Liquidation	
Comparative Schedule of Fund Balances	
Officials in Office and Surety Bonds	
<u>Internal Control Section</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	
<u>Comments and Recommendations</u>	



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Colts Neck, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Colts Neck, County of Monmouth, State of New Jersey as of December 31, 2012 and 2011, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related comparative statements of revenues--regulatory basis, statement of expenditures--regulatory basis, the statement of general fixed assets group of accounts, and the related notes to the financial statements for the year ended December 31, 2012.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and 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. 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.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Colts Neck, County of Monmouth, State of New Jersey, as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

#### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP financial activities are included in the Township's Trust Fund, and represent 9.83% and 8.18% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2012 and 2011.

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

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

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

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Colts Neck, County of Monmouth, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

### **Report on Supplementary Information**

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



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

March 19, 2013  
Freehold, New Jersey

FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS



TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2012 and 2011

<u>Revenue and Other Income Realized</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Fund Balance Utilized	A-2	\$ 1,086,000.00	\$ 1,010,000.00
Miscellaneous Revenue Anticipated	A-2	2,729,209.84	2,814,093.32
Receipts From Delinquent Taxes	A-2	327,309.97	705,757.97
Receipts From Current Taxes	A-2,4-A	47,388,398.02	47,375,248.11
Non-Budget Revenue	A-2	543,585.16	524,896.30
Other Credits To Income:			
Senior Citizens' and Veterans' Adjustment	A-1	2,000.00	
Grants Appropriated Cancelled	11-A	2,415.94	75.00
Unexpended Balance of Appropriation Reserves	12-A	61,775.26	89,848.77
		<u>52,140,694.19</u>	<u>52,519,919.47</u>
<u>Expenditures</u>			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	3,748,912.00	3,767,757.00
Other Expenses	A-3	2,718,581.00	2,668,280.59
Deferred Charges and Statutory Expenditures	A-3	962,899.00	933,991.05
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	30,000.00	30,000.00
Other Expenses	A-3	2,812,195.98	491,465.52
Capital Improvements	A-3	185,800.00	173,000.00
Municipal Debt Service	A-3	847,516.11	935,622.68
Deferred Charges	A-3	230,000.00	235,000.00
Refund Prior Year Revenue	1-A	1,755.88	4,548.41
Open Space Fund Tax	9-A	368,185.85	369,611.17
County Taxes	16-A	9,024,053.96	8,811,090.94
Due To County for Added and Omitted Taxes	17-A	9,857.12	34,896.53
Local District School Tax	18-A	20,844,176.00	20,758,211.00
Regional High School Tax	19-A	11,965,844.39	12,037,014.89
		<u>53,749,777.29</u>	<u>51,250,489.78</u>
Excess / (Deficit) in Revenue		<u>(1,609,083.10)</u>	<u>1,269,429.69</u>
Adjustments To Income Before Fund Balance			
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year:			
Emergency Appropriation			145,000.00
Special Emergency Authorization		<u>2,500,000.00</u>	
	7-A	<u>2,500,000.00</u>	<u>145,000.00</u>
Statutory Excess To Fund Balance		890,916.90	1,414,429.69
Fund Balance, January 1	A	<u>1,763,843.16</u>	<u>1,359,413.47</u>
		2,654,760.06	2,773,843.16
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>1,086,000.00</u>	<u>1,010,000.00</u>
Fund Balance, December 31	A	<u>\$ 1,568,760.06</u>	<u>\$ 1,763,843.16</u>

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Reference	Anticipated Budget	Budget Amendments	Amount Realized	Excess/ (Deficit)
Fund Balance Anticipated	A-1	\$ 1,086,000.00		\$ 1,086,000.00	
Miscellaneous Revenues:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	8-A	14,000.00		15,948.00	\$ 1,948.00
Fees and Permits	8-A	68,000.00		72,264.00	4,264.00
Fines and Costs:					
Municipal Court	8-A	177,000.00		208,124.36	31,124.36
Interest and Costs on Taxes	8-A	125,000.00		88,883.41	(36,116.59)
Interest on Investments and Deposits	8-A	50,000.00		62,957.60	12,957.60
Recreation Fees	8-A	185,000.00		218,181.90	33,181.90
State Aid Without Offsetting Appropriations:					
Energy Receipts Tax	8-A	1,952,550.00		1,952,550.00	
Watershed Moratorium	8-A	28,388.00		28,388.00	
State Revenues Offset with Appropriations:					
Recycling Tonnage Grant	10-A		\$ 30,670.72	30,670.72	
Drunk Driving Enforcement Fund	10-A		7,456.43	7,456.43	
Clean Communities Program	10-A	28,371.11		28,371.11	
Municipal Alliance on Drug and Alcohol Abuse	10-A	10,663.00		10,663.00	
Body Armor Fund	10-A		2,251.31	2,251.31	
Health Performance Quality Improvement Grant	10-A		2,500.00	2,500.00	
Total Miscellaneous Revenues	A-1	<u>2,638,972.11</u>	<u>42,878.46</u>	<u>2,729,209.84</u>	<u>47,359.27</u>
Receipts From Delinquent Taxes	A-1	<u>325,000.00</u>		<u>327,309.97</u>	<u>2,309.97</u>
Amount To Be Raised By Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	<u>5,949,201.41</u>		<u>6,176,280.70</u>	<u>227,079.29</u>
Budget Revenues		9,999,173.52	42,878.46	10,318,800.51	276,748.53
Non-Budget Revenues	A-1,1-A			543,585.16	543,585.16
		<u>\$ 9,999,173.52</u>	<u>\$ 42,878.46</u>	<u>\$ 10,862,385.67</u>	<u>\$ 820,333.69</u>

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	<u>Reference</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 47,388,398.02
Allocated To:		
School, County, and Open Space Taxes	4-A	<u>42,212,117.32</u>
		5,176,280.70
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,000,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 6,176,280.70</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	4-A	<u>\$ 327,309.97</u>

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

<u>Analysis of Non-Budget Revenues</u>	<u>Reference</u>	
Miscellaneous Revenue Not Anticipated:		
TV Cable Franchise Fees		\$ 30,524.00
Mercantile Licenses		3,275.00
Police Reports		2,773.27
Prior Year Reimbursements		90,171.30
Alarm Fines		19,900.00
Antenna Tower Fees		308,646.77
Refunds		1,435.07
Hotel Tax From State		2,227.05
Premium on Note Sale		48,064.94
Recycled Scrap Metal		4,494.75
Police Vehicle Usage		9,305.71
Miscellaneous		<u>22,767.30</u>
	A-1,1-A	<u>\$ 543,585.16</u>
Fees and Permits:		
Board of Health		\$ 14,700.00
Planning Board Fees		18,075.00
Board of Adjustment Fees		23,460.00
Street Opening Permits		3,000.00
CCO Inspection Fees		1,740.00
Fire Prevention Fees		8,494.00
Auction and Garage Sale Licenses		1,650.00
Miscellaneous		<u>1,145.00</u>
	A-2,8-A	<u>\$ 72,264.00</u>

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"							
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 166,431.00	\$ 166,431.00	\$ 166,431.00	\$ 166,281.95	\$ 149.05		
Other Expenses	43,950.00	43,950.00	43,950.00	43,429.14	520.86		
Mayor and Committee:							
Salaries and Wages	7,500.00	7,500.00	7,500.00	4,500.00	3,000.00		
Municipal Clerk:							
Salaries and Wages	32,968.00	32,968.00	32,968.00	32,966.32	1.68		
Elections:							
Other Expenses	2,975.00	2,975.00	2,975.00	1,575.00	1,400.00		
Financial Administration (Treasury):							
Salaries and Wages	71,135.00	71,135.00	71,135.00	71,043.30	91.70		
Other Expenses	22,365.00	22,365.00	22,365.00	22,047.57	317.43		
Audit Services:							
Other Expenses	31,000.00	31,000.00	31,000.00	30,800.00	200.00		
Revenue Administration (Tax Collection):							
Salaries and Wages	131,091.00	131,091.00	131,091.00	131,091.00			
Other Expenses	4,300.00	4,300.00	4,300.00	3,760.00	540.00		
Tax Assessment Administration:							
Salaries and Wages	41,801.00	41,801.00	41,801.00	41,493.68	307.32		
Other Expenses	14,265.00	14,265.00	14,265.00	13,652.07	612.93		
Legal Services (Legal Department):							
Other Expenses	165,000.00	165,000.00	165,000.00	151,104.31	13,895.69		
Engineering Services:							
Other Expenses	13,500.00	13,500.00	13,500.00	7,811.84	5,688.16		
LAND USE ADMINISTRATION							
Farm Land/Open Space Commission:							
Salaries and Wages	500.00	500.00	500.00	155.00	345.00		
Other Expenses	585.00	585.00	585.00	94.00	491.00		
Historical Preservation:							
Salaries and Wages	750.00	750.00	750.00	585.00	165.00		
Other Expenses	1,290.00	1,290.00	1,290.00	224.00	1,066.00		
Planning Board:							
Salaries and Wages	126,682.00	126,682.00	126,682.00	126,387.39	294.61		
Other Expenses	8,550.00	8,550.00	8,550.00	7,923.20	626.80		
Architectural Review:							
Salaries and Wages	700.00	700.00	700.00	628.30	71.70		
Other Expenses	110.00	110.00	110.00	61.20	48.80		
Zoning Board of Adjustment:							
Salaries and Wages	1,200.00	1,200.00	1,200.00	1,198.60	1.40		
Other Expenses	4,900.00	4,900.00	4,900.00	4,272.81	627.19		
CODE ENFORCEMENT AND ADMINISTRATION							
Code Enforcement Official:							
Salaries and Wages	29,309.00	29,309.00	29,309.00	29,303.25	5.75		
Other Expenses	1,900.00	1,900.00	1,900.00	9.39	1,890.61		

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
INSURANCE						
Unemployment Insurance	16,500.00		16,500.00	2,595.04	13,904.96	
General Liability	185,256.00		185,256.00	179,019.01	6,236.99	
Workers Compensation	297,244.00		297,244.00	297,244.00		
Employee Group Health	636,000.00		816,000.00	808,965.14	7,034.86	
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,930,574.00		1,930,574.00	1,916,103.17	14,470.83	
Other Expenses	99,050.00		99,050.00	98,251.27	798.73	
Office of Emergency Management:						
Other Expenses	800.00		800.00	59,291.56	800.00	
Aid To Volunteer Fire Companies	67,000.00		67,000.00	16,000.00	7,708.44	
First Aid Organization - Contribution	16,000.00		16,000.00			
Fire Department:						
Other Expenses	28,000.00		28,000.00	25,379.90	2,620.10	
Fire Prevention Bureau:						
Salaries and Wages	10,000.00		10,000.00	9,635.49	364.51	
Other Expenses	4,000.00		4,000.00	1,508.98	2,491.02	
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	860,199.00		860,199.00	796,998.62	3,200.38	
Other Expenses	114,970.00		114,970.00	94,173.60	20,796.40	
Snow Removal:						
Salaries and Wages	25,000.00		25,000.00	20,499.98	4,500.02	
Other Expenses	211,500.00		91,500.00	68,504.51	22,995.49	
Shade Tree Commission:						
Salaries and Wages	1,000.00		1,000.00	720.00	280.00	
Other Expenses	3,910.00		3,910.00	2,812.27	1,097.73	
Recycling:						
Salaries and Wages	2,000.00		2,000.00	1,999.14	0.86	
Other Expenses	66,530.00		66,530.00	39,750.38	26,779.62	
Buildings and Grounds:						
Salaries and Wages	1,000.00		1,000.00		1,000.00	
Other Expenses	66,415.00		66,415.00	50,182.81	16,232.19	
Municipal Court:						
Salaries and Wages	74,018.00		74,018.00	70,453.38	3,564.62	
Other Expenses	6,500.00		6,500.00	5,187.18	1,312.82	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	95,795.00		95,795.00	95,795.00		
Other Expenses	22,800.00		21,300.00	15,345.36	5,954.64	
Environmental Commission:						
Salaries and Wages	700.00		700.00	330.00	370.00	
Other Expenses	225.00		225.00	57.00	168.00	
Animal Control Services:						
Other Expenses	36,000.00		36,000.00	31,161.31	4,838.69	
Welfare/Administration of Public Assistance:						
Other Expenses	150.00		150.00		150.00	

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		
				Paid or Charged	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"						
PARK AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	189,059.00		189,059.00	184,590.10	4,468.90	
Other Expenses	132,350.00		132,350.00	128,757.92	3,592.08	
Maintenance of Parks:						
Salaries and Wages	9,000.00		9,000.00	9,000.00		
Other Expenses	33,225.00		33,225.00	29,041.63	4,183.37	
UNCLASSIFIED						
Municipal Alliance on Alcoholism and Drug Abuse	2,666.00		2,666.00	1,620.00	1,046.00	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	43,000.00		43,000.00	31,629.17	11,370.83	
Street Lighting	14,200.00		14,200.00	10,386.38	3,813.62	
Telephone (excluding equipment acquisition)	38,600.00		40,100.00	40,010.92	89.08	
Natural Gas	23,000.00		23,000.00	17,244.22	5,755.78	
Gasoline	172,500.00		172,500.00	113,272.22	59,227.78	
Accumulated Sick and Vacation	500.00		500.00		500.00	
Surety Bond	500.00		500.00		500.00	
Total Operations - Within "CAPS"	6,462,493.00		6,462,493.00	6,165,914.98	296,578.02	
Contingent	5,000.00		5,000.00	3,998.75	1,001.25	
Total Operations Including Contingent - Within "CAPS"	6,467,493.00		6,467,493.00	6,169,913.73	297,579.27	
Detail:						
Salaries and Wages	3,808,912.00		3,748,912.00	3,711,758.67	37,153.33	
Other Expenses (Including Contingent)	2,658,581.00		2,718,581.00	2,458,155.06	260,425.94	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
DEFERRED CHARGES	80.00		80.00	80.00		
Overexpenditure of 2009 Budget - 2011						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	245,303.00		245,303.00	245,303.00		
Social Security System (O.A.S.I.)	280,000.00		280,000.00	275,667.26	4,332.74	
Police and Firemen's Retirement System of N.J.	437,516.00		437,516.00	437,516.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	962,899.00		962,899.00	958,566.26	4,332.74	
Total General Appropriations for Municipal Purposes - Within "CAPS"	7,430,392.00		7,430,392.00	7,128,479.99	301,912.01	

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Excluded From "CAPS"		\$ 2,500,000.00	2,500,000.00	550,441.79	1,949,558.21		
Hurricane Sandy							
Employee Group Health	40,800.00		40,800.00	40,800.00			
Department of Environmental Protection Recycling Tax (N.J.S.A. 13:1E-96.5)	4,870.41		4,870.41	4,870.41			
Aid To Library (N.J.S.A. 40:54-35):							
Salaries and Wages	30,000.00		30,000.00	30,000.00		3,182.36	
Other Expenses	21,750.00		21,750.00	18,567.64		60,000.00	
LOSAP	60,000.00		60,000.00				
INTERLOCAL MUNICIPAL AGREEMENTS							
Interlocal Service - County - 911	102,863.00		102,863.00	102,584.17		278.83	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Clean Communities Program	28,371.11		28,371.11	28,371.11			
Drug and Alcohol Abuse	10,663.00		10,663.00	10,663.00			
Body Armor Fund	2,251.31		2,251.31	2,251.31			
Recycling Tonnage	30,670.72		30,670.72	30,670.72			
Health Performance Quality Improvement Grant	2,500.00		2,500.00	2,500.00			
Drunk Driving Enforcement	7,456.43		7,456.43	7,456.43			
Total Operations - Excluded From "CAPS"	342,195.98	2,500,000.00	2,842,195.98	829,176.58	2,013,019.40		
Detail:							
Salaries and Wages	30,000.00		30,000.00	30,000.00			
Other Expenses	312,195.98	2,500,000.00	2,812,195.98	799,176.58	2,013,019.40		
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	185,800.00		185,800.00	185,800.00			
Total Capital Improvements - Excluded From "CAPS"	185,800.00		185,800.00	185,800.00			
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	420,529.00		420,529.00	420,529.00			
Payment of Bond Anticipation Notes and Capital Notes	175,000.00		175,000.00	175,000.00			
Interest on Bonds	240,738.00		240,738.00	234,591.73			
Interest on Notes	6,265.00		6,265.00	6,264.58			
Green Acres Loan - Principal and Interest	11,132.00		11,132.00	11,130.80			
Total Municipal Debt Service - Excluded From "CAPS"	853,664.00		853,664.00	847,516.11			6,147.89
							\$ 6,146.27
							0.42
							1.20

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Excluded From "CAPS"							
DEFERRED CHARGES							
Emergency Authorizations	145,000.00		145,000.00	145,000.00			
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	85,000.00		85,000.00	85,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	230,000.00		230,000.00	230,000.00			
Total General Appropriations - Excluded From "CAPS"	1,611,659.98	2,500,000.00	4,111,659.98	2,092,492.69		2,013,019.40	6,147.89
Subtotal General Appropriations	9,042,051.98	2,500,000.00	11,542,051.98	9,220,972.68		2,314,931.41	6,147.89
Reserve for Uncollected Taxes	1,000,000.00		1,000,000.00	1,000,000.00			
Total General Appropriations	\$ 10,042,051.98	\$ 2,500,000.00	\$ 12,542,051.98	\$ 10,220,972.68		\$ 2,314,931.41	\$ 6,147.89
		A-3				A	A-3
<u>Analysis of Budget After Modification</u>							
Increased By Chapter 159's			\$ 42,878.46				
Deferred Charges:							
Emergency Authorizations			2,500,000.00				
Original Budget			9,999,173.52				
			\$ 12,542,051.98				
<u>Analysis of Paid or Charged</u>							
Reserve for Uncollected Taxes				\$ 1,000,000.00			
Cash Disbursements				8,880,671.12			
Deferred Charges:							
Special Emergency				230,080.00			
Slate Grants - Appropriated				81,912.57			
Encumbrances Payable				28,308.99			
				\$ 10,220,972.68			

TRUST FUND

EXHIBIT

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2012 and 2011

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Animal Control Fund:							
Cash	1-B	\$ 4,941.13	\$ 3,378.92	Animal Control Fund:	2-B	\$ 4,941.13	\$ 3,378.92
				Reserve for Dog Fund Expenditures			
Trust - Other Fund:				Trust - Other Fund:			
Cash	1-B	1,690,155.91	4,201,656.00	Due To Third Parties	4-B	6,876.14	2,112.50
Investment	1-B	2,500,000.00		Reserve for Various Trusts	5-B	4,183,279.77	4,199,543.50
		4,190,155.91	4,201,656.00			4,190,155.91	4,201,656.00
Length of Service Award Program				Length of Service Award Program			
Fund ("LOSAP") - Reviewed:				Fund ("LOSAP") - Reviewed:			
Investments	6-B	456,916.52	374,799.39	Miscellaneous Reserves	7-B	456,916.52	374,799.39
Total Assets		\$ 4,652,013.56	\$ 4,579,834.31	Total Liabilities and Reserves		\$ 4,652,013.56	\$ 4,579,834.31

GENERAL CAPITAL FUND

EXHIBITS

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2012 and 2011

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash				General Serial Bonds	5-C	\$ 6,513,000.00	\$ 7,202,000.00
Deferred Charges To Future Taxation:				Bond Anticipation Notes	6-C	4,705,991.00	2,308,550.00
Funded	1-C	\$ 2,204,076.22	\$ 1,028,783.22	Green Trust Loan Payable	7-C	91,265.70	100,433.44
Unfunded				Improvement Authorizations:			
Grants and Intergovernmental				Funded	8-C	422,433.72	785,467.33
Receivable	3-C	6,600,491.28	7,298,659.02	Unfunded	8-C	2,316,230.69	3,575,345.08
	4-C	5,418,491.00	5,793,491.00	Capital Improvement Fund	9-C	67,729.00	42,729.00
				Reserve for:			
				Purchase of Fire Truck	10-C	7,182.00	7,182.00
				Debt Service	C	142,808.68	292,808.68
	11-C	43,750.00	193,750.00	Fund Balance	C-1	167.71	167.71
Total Assets		\$ 14,266,808.50	\$ 14,314,683.24	Total Liabilities, Reserves and Fund Balance		\$ 14,266,808.50	\$ 14,314,683.24

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Years ended December 31, 2012 and 2011

	<u>Reference</u>	
Balance, December 31, 2012 and 2011	C	<u>\$ 167.71</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBITS

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET -  
REGULATORY ACCOUNTING BASIS

December 31, 2012 and 2011

	<u>Reference</u>	Balance December 31, <u>2012</u>	Balance December 31, <u>2011</u>
Land	1-D	\$ 19,695,421.69	\$ 19,695,421.69
Buildings and Improvements	2-D	3,716,229.00	3,602,612.00
Machinery, Equipment and Vehicles	3-D	<u>5,849,452.00</u>	<u>6,522,533.56</u>
Total General Fixed Assets		<u>\$ 29,261,102.69</u>	<u>\$ 29,820,567.25</u>
Investment in General Fixed Assets	D-1	<u>\$ 29,261,102.69</u>	<u>\$ 29,820,567.25</u>

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

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF INVESTMENTS IN GENERAL FIXED ASSETS -  
 REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	D		\$ 29,820,567.25
Increased By Additions:			
Buildings and Improvements	2-D	\$ 117,496.00	
Machinery, Equipment and Vehicles	3-D	<u>627,480.00</u>	
			<u>744,976.00</u>
Decreased By Deletions:			
Buildings and Improvements	2-D	3,879.00	
Machinery, Equipment and Vehicles	3-D	<u>1,300,561.56</u>	
			<u>1,304,440.56</u>
Balance, December 31, 2012	D		<u>\$ 29,261,102.69</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The Township of Colts Neck, County of Monmouth, New Jersey ("Township") is governed under the Township form of government, with a 5-member Township Committee. The financial statements of the Township include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Township conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are 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:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Township departments.

Trust Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Fund.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

General Fixed Assets Account Group - The Township has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

Fixed assets used in governmental operations (general fixed assets) are 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value. An adjustment to fixed assets values was made in 2007 to agree to amounts reported in Property Record Reports compiled by L.T. Annum Appraisal Services.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are 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 are not accounted for separately.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Township's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Had the Township's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. 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 State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax 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 Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township establishes deferred charges for the costs 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 N.J.S.A. 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 that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Township employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determined rate for its required contribution.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$ 245,303.00	\$ 437,516.00
2011	240,159.00	424,517.00
2010	191,516.00	349,080.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$400.00, \$750.00, or \$1,150.00 per year of active emergency service, commencing with the year 2004.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004.

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

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$60,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

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 deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Deposits (continued)

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

Investments

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) 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.
- (d) 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.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

The Township is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Township or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Township is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

M. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

N. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the financial statements listed in the Table of Contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the Table of Contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

2. Deposits and Investments

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2012 and 2011 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2012 and 2011, the book value of the Township's deposits were \$17,476,555.36 and \$16,772,417.17, respectively.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

2. Deposits and Investments (continued)

Deposits (continued)

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At December 31, 2012 and 2011, the Township's bank balances of \$17,677,241.59 and \$16,859,389.02, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2012</u>	<u>2011</u>
Insured	\$ 13,878,596.18	\$ 12,942,192.94
Uninsured and Uncollateralized	<u>3,798,645.41</u>	<u>3,917,196.08</u>
	<u>\$ 17,677,241.59</u>	<u>\$ 16,859,389.02</u>

New Jersey Cash Management Fund

During the year, the Township participated in the New Jersey Cash Management Fund ("Fund"). The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the Fund are not subject to custodial credit risk as defined above. At December 31, 2012 and 2011, the Township's deposits with the Fund were \$170,052.19 and \$169,956.44, respectively.

Investments

As of December 31, 2012, The Township had the following investments:

	<u>Fair Value</u>	<u>Book Value</u>
2012:		
Current Fund Special Emergency Note Held by Trust – Other Fund	<u>\$2,500,000.00</u>	<u>\$2,500,000.00</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

2. Deposits and Investments (continued)

Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for Custodial Risk. As of December 31, 2012 and 2011, \$456,916.52 and \$374,799.39, respectively, of the Township's investments was exposed to Custodial Credit Risk, as follows:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>	<u>Total Reported Value</u>
<u>2012</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Township's name	<u>\$ 456,916.52</u>	<u>\$ 456,916.52</u>	<u>\$ 456,916.52</u>
<u>2011</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Township's name	<u>\$ 374,799.39</u>	<u>\$ 374,799.39</u>	<u>\$ 374,799.39</u>

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

3. Interfund Balances and Activity

Not applicable.

4. Taxes Receivable

Taxes Receivable at December 31, 2012 consists of the following:

	<u>Current Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 665,062.12</u>	<u>\$ 665,062.12</u>

In 2012, the Borough collected \$327,309.97 from delinquent taxes, which represented 86.71% of the delinquent taxes receivable at December 31, 2011.

Receivables as of December 31, 2011 consisted of the following:

	<u>Current Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 377,470.27</u>	<u>\$ 377,470.27</u>

In 2011, the Borough collected \$705,757.97 from delinquent taxes, which represented 94.34% of the delinquent taxes receivable at December 31, 2010.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2012 and 2011.

<u>2012</u>	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2012</u>
Land	\$ 19,695,421.69			\$ 19,695,421.69
Buildings and Improvements	3,602,612.00	\$ 117,496.00	\$ 3,879.00	3,716,229.00
Machinery, Equipment & Vehicles	<u>6,522,533.56</u>	<u>627,480.00</u>	<u>1,300,561.56</u>	<u>5,849,452.00</u>
Total	<u>\$ 29,820,567.25</u>	<u>\$ 744,976.00</u>	<u>\$ 1,304,440.56</u>	<u>\$ 29,261,102.69</u>
<u>2011</u>	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2011</u>
Land	\$ 19,695,421.69			\$ 19,695,421.69
Buildings and Improvements	3,602,612.00			3,602,612.00
Machinery, Equipment & Vehicles	<u>6,522,533.56</u>	<u>                    </u>	<u>                    </u>	<u>6,522,533.56</u>
Total	<u>\$ 29,820,567.25</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 29,820,567.25</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

6. Long-Term Debt

The Township's long-term debt consisted of the following at December 31, 2012:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>
<u>General Capital Bond</u>				
General Improvements	12/29/05	\$ 6,689,000.00	Various	\$ 1,173,000.00
Refunding Bonds	04/24/12	5,340,000.00	Various	<u>5,340,000.00</u>
				<u>6,513,000.00</u>
<u>Green Trust Loans</u>				
General Improvements	2001	89,000.00	2.00%	43,063.14
General Improvements	2002	90,000.00	2.00%	<u>48,202.56</u>
				<u>91,265.70</u>
				<u>\$ 6,604,265.70</u>

Schedule of Annual Debt Service Requirements for All Years of Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 548,352.01	\$ 488,321.29	\$ 1,036,673.30
2014	573,539.97	466,133.31	1,039,673.28
2015	594,731.74	439,491.55	1,034,223.29
2016	609,927.34	201,953.45	811,880.79
2017	645,126.88	177,753.91	822,880.79
2018	675,330.43	152,150.36	827,480.79
2019	700,538.07	125,342.72	825,880.79
2020	725,749.89	97,530.91	823,280.80
2021	753,198.83	68,714.84	821,913.67
2022	<u>777,770.52</u>	<u>38,777.71</u>	<u>816,548.23</u>
	<u>\$ 6,604,265.68</u>	<u>\$ 2,256,170.05</u>	<u>\$ 8,860,435.73</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

Summary of Municipal Debt (Excluding  
Current and Operating Debt and Type I School Debt)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued</u>			
General Bonds and Notes	\$ <u>11,310,256.70</u>	\$ <u>9,610,983.44</u>	\$ <u>10,528,970.53</u>
Total Debt Issued	<u>11,310,256.70</u>	<u>9,610,983.44</u>	<u>10,528,970.53</u>
<u>Less</u>			
Farmland Trust Fund	2,447,102.60	2,785,521.40	3,170,459.20
Funds Temporarily Held To Pay Bonds and Notes	3,774.42	3,774.42	3,774.42
Reserve for Debt Service	<u>142,808.68</u>	<u>292,808.68</u>	<u>292,808.68</u>
Total Deductions	<u>2,593,685.70</u>	<u>3,082,104.50</u>	<u>3,467,042.30</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	<u>712,500.00</u>	<u>3,484,941.00</u>	<u>837,500.00</u>
Total Authorized But Not Issued	<u>712,500.00</u>	<u>3,484,941.00</u>	<u>837,500.00</u>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 9,429,071.00</u>	<u>\$ 10,013,819.94</u>	<u>\$ 7,899,428.23</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

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 0.30%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purpose Debt	\$ 21,901,579.79	\$ 21,901,579.79	
General Debt	<u>12,022,756.70</u>	<u>2,593,685.70</u>	<u>\$ 9,429,071.00</u>
	<u>\$ 33,924,336.49</u>	<u>\$ 24,495,265.49</u>	<u>\$ 9,429,071.00</u>

Net Debt \$9,429,071.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,143,795,669.33 = 0.30%.

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	
Less: Net Debt	<u>\$ 9,429,071.00</u>
Remaining Borrowing Power	<u>\$ 100,603,777.43</u>

Green Trust Loans

During 2001 and 2002, the Township was awarded a loan of \$89,000.00 and \$90,000.00, respectively, under the New Jersey 1989 Green Trust Program for Laird Road Recreation Area. The loan transactions are accounted for in the General Capital Fund.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

7. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various 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 ten years. 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 an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2012, the Township's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>
Acquisition of Smith Farm	02/27/12	02/26/13	1.25%	\$ 818,300.00
Improvements to Heyers Mill Rd, Phase II	02/27/12	02/26/13	1.25%	112,500.00
Various Capital Improvements/Equipment	02/27/12	02/26/13	1.25%	1,002,750.00
Various Capital Improvements	02/27/12	02/26/13	1.25%	<u>2,772,441.00</u>
				<u>\$ 4,705,991.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2012, the Township of Colts Neck had \$712,500.00 authorized but not issued bonds and notes of the General Capital Fund.

9. Local District School and Regional High School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township has elected to defer school taxes as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 7,524,061.97	\$ 7,491,487.97	\$ 5,743,603.42	\$ 5,777,766.92
Deferred	<u>2,826,100.00</u>	<u>2,826,100.00</u>	<u>1,523,600.00</u>	<u>1,523,600.00</u>
Tax Payable	<u>\$ 4,697,961.97</u>	<u>\$ 4,665,387.97</u>	<u>\$ 4,220,003.42</u>	<u>\$ 4,254,166.92</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

10. Fund Balance Appropriated

The Current Fund balance at December 31, 2012 was \$1,568,760.06 of which \$994,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2013.\*

11. Deferred Charges to Be Raised in Succeeding Year's Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the Current Fund Balance Sheet:

Overexpenditure of Appropriations	\$ 1,232.85
Special Emergency Authorization (N.J.S.A. 40A: 4-53)	12,000.00
Special Emergency Authorization (N.J.S.A. 40A: 4-54) - Superstorm Sandy	<u>2,500,000.00</u>
	<u>\$ 2,513,232.85</u>

The Township expects to be reimbursed at least 75% of these costs from the Federal Emergency Management Agency (FEMA).

12. Accrued Sick and Vacation Benefits - Reviewed

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits its employees to accumulate unused sick and vacation pay. The Township estimates the current cost of such unpaid compensation to be \$254,730.27 at December 31, 2012. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

13. Medical Insurance

In 1997, the Township established a partially-self-insured medical benefit program. The first \$35,000.00 of claims are paid by the Township, while claims over this amount are paid through a reinsurance policy. As of December 31, 2012, the amount in this Insurance Account Fund was \$0.00.

14. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a Trust Fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the State for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2012 and 2011 totaled \$310.82 and \$310.82, respectively.

\* Budget not adopted as of the date of this report

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

15. Contingent Liabilities

State and Federal Grants

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 grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2012, the Township estimates that no material liabilities will result from such audits.

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.

16. Risk Management

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Township is a member of the MID Jersey Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

17. Deferred Compensation

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged a private contractor to administer the Plan.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

18. Length of Service Award Program ("LOSAP") - Reviewed

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$400.00, \$750.00, or \$1,150.00 per year of active emergency service, commencing with the year 2004.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004.

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

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

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

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

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

18. Length of Service Award Program ("LOSAP") - Reviewed (continued)

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

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

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

SUPPLEMENTARY SCHEDULES

CURRENT FUND  
SCHEDULES

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ 11,537,949.03
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 543,585.16	
Change Fund Returned - Municipal Court	2-A	150.00	
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	71,250.00	
Taxes Receivable	4-A	47,183,850.75	
Revenue Accounts Receivable	8-A	2,647,297.27	
State Grants Receivable	10-A	99,583.60	
Prepaid Taxes	15-A	451,447.33	
Due To State and Local Agencies	20-A	1,100.00	
Various Reserves	21-A	185.00	
Special Emergency Note Payable	22-A	<u>2,500,000.00</u>	
			<u>53,498,449.11</u>
			65,036,398.14
Decreased By Disbursements:			
Refund Prior Year Revenue	A-1	1,755.88	
2012 Appropriations	A-3	8,880,671.12	
Overexpenditure of 2010 Appropriations	7-A	1,232.85	
Open Space Fund	9-A	368,185.85	
Reserve for State Grants - Appropriated	11-A	86,036.17	
2011 Appropriation Reserves	12-A	250,009.90	
County Taxes	16-A	9,024,053.96	
Share of County Added and Omitted Taxes	17-A	34,896.53	
Local District School Tax	18-A	20,811,602.00	
Regional High School Tax	19-A	12,000,007.89	
Due To State and Local Agencies	20-A	1,000.00	
Various Reserves	21-A	<u>63.89</u>	
			<u>51,459,516.04</u>
Balance, December 31, 2012			<u>\$ 13,576,882.10</u>
Current Fund	A		\$ 13,478,462.99
State Grant Fund	A		<u>98,419.11</u>
			<u>\$ 13,576,882.10</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Year ended December 31, 2012

<u>Office</u>	Balance December 31, 2011	<u>Decreased</u>	Balance December 31, 2012
Tax Collector	\$ 200.00		\$ 200.00
Municipal Court Clerk	<u>450.00</u>	<u>\$ 150.00</u>	<u>300.00</u>
	<u>\$ 650.00</u>	<u>\$ 150.00</u>	<u>\$ 500.00</u>
<u>Reference</u>	A	1-A	A

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ (1,250.00)
Increased By:			
Senior Citizens' Deductions Per Tax Billing	4-A	\$ 4,000.00	
Veterans' Deductions Per Tax Billing	4-A	66,500.00	
Adjustment	A-1	2,000.00	
Deductions Allowed By Collector:			
2012 Taxes	4-A	<u>1,464.42</u>	
			<u>73,964.42</u>
			72,714.42
Decreased By:			
Cash Receipts	1-A	71,250.00	
2012 Senior Citizens' Deductions Disallowed	4-A	<u>250.00</u>	
			<u>71,500.00</u>
Balance, December 31, 2012	A		<u>\$ 1,214.42</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2012

Year	Balance December 31, 2011	2012 Levy	2011 Collections	2012 Collections	Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transferred To Tax Title Liens	Cancellations and Adjustments	Balance December 31, 2012	Reference
2010	\$ 9,226.46		\$ 5,052.21					\$ 4,174.25	A
2011	345,366.44		322,257.76				(10,616.59)	12,492.09	
2012		\$ 48,247,648.13	\$ 460,142.82	46,856,540.78	\$ 71,714.42	\$ 4,237.43	(233,731.70)	621,280.98	
	\$ 354,592.90	\$ 48,247,648.13	\$ 460,142.82	\$ 47,183,850.75	\$ 71,714.42	\$ 4,237.43	\$ (244,348.29)	\$ 637,947.32	A
			15-A	1-A	3-A	5-A	4-A		

Analysis of Property Tax Levy

Tax Yield:	Reference
General Purpose Tax	4-A
6% Penalty	4-A
Added Taxes	4-A
Open Space Tax	9-A
County Taxes	16-A
County Taxes Added	17-A
Local School Tax	18-A
Regional School Tax	19-A
	A-2

Tax for Municipal Purposes	5,949,201.41	A-2
Additional Taxes Added	86,329.40	4-A
	6,035,530.81	
	\$ 48,247,648.13	

Analysis of Current Year Tax Collections

2011 Cash Collections of 2012 Taxes	\$ 460,142.82
2012 Cash Collections of 2012 Taxes	46,856,540.78
Veterans' and Senior Citizens' Deductions	71,714.42
	\$ 47,388,398.02

Reference A-1, A-2

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 22,877.37
Increased By:		
Transfers From Taxes Receivable	4-A	<u>4,237.43</u>
Balance, December 31, 2012	A	<u>\$ 27,114.80</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011	A	<u>\$ 169,000.00</u>
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TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Year ended December 31, 2012

Year	Description	Amount	Balance December 31, 2011	Increased	Raised in 2012 Budget	Balance December 31, 2012
<u>Special Emergency Authorization:</u>						
<u>N.J.S.A. 40A:4-53:</u>						
2007	Revaluation	\$ 405,000.00	\$ 81,000.00		\$ 81,000.00	
2010	Revaluation	20,000.00	16,000.00		4,000.00	\$ 12,000.00
<u>N.J.S.A. 40A:4-54:</u>						
2012	Superstorm Sandy	1,500,000.00		\$ 1,500,000.00		1,500,000.00
2012	Superstorm Sandy	1,000,000.00		1,000,000.00		1,000,000.00
<u>Emergency Authorization:</u>						
2011	Hurricane Irene	80,000.00	80,000.00		80,000.00	
2011	Hurricane Irene	45,000.00	45,000.00		45,000.00	
2011	Hurricane Irene	20,000.00	20,000.00		20,000.00	
<u>Deferred Charge:</u>						
2011	Overexpenditure of 2009 Appropriation	80.00	80.00		80.00	
2012	Overexpenditure of 2010 Appropriation	1,232.85		1,232.85		
						1,232.85
			\$ 242,080.00	\$ 2,501,232.85	\$ 230,080.00	\$ 2,513,232.85

Reference A A-3 A

Budget Appropriations  
Cash Disbursement

\$ 2,500,000.00  
1,232.85  
\$ 2,501,232.85

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Accrued in <u>2012</u>	Collected in <u>2012</u>	Balance December 31, <u>2012</u>
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	\$ 15,948.00	\$ 15,948.00	15,948.00	
Fees and Permits	72,264.00	72,264.00	72,264.00	
Fines and Costs:				
Municipal Court	\$ 18,821.40	205,982.35	208,124.36	\$ 16,679.39
Interest and Costs on Taxes		88,883.41	88,883.41	
Interest on Investments and Deposits		62,957.60	62,957.60	
Recreation Fees		218,181.90	218,181.90	
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax		1,952,550.00	1,952,550.00	
Watershed Moratorium		28,388.00	28,388.00	
	<u>\$ 18,821.40</u>	<u>\$ 2,645,155.26</u>	<u>\$ 2,647,297.27</u>	<u>\$ 16,679.39</u>

Reference

A

8-A

A-2,1-A

A

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF OPEN SPACE FUND

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 0.00
Increased By:		
2012 Levy	A-1,4-A	<u>368,185.85</u>
		368,185.85
Decreased By:		
Disbursed To Trust Fund	1-A	<u>368,185.85</u>
Balance, December 31, 2012	A	<u>\$ 0.00</u>

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Increased By Revenue Realized <u>2012</u>	Cash Receipts	Cancelled	Balance December 31, <u>2012</u>	Reference
Municipal Alliance on Drug and Alcohol Abuse	\$ 7,663.00	\$ 10,663.00	\$ 9,268.82	\$ 1,394.18	\$ 7,663.00	A
Recycling Tonnage Grant		30,670.72	30,670.72			
Drunk Driving Enforcement Fund		7,456.43	7,456.43	607.79		
Clean Communities Program		28,371.11	27,763.32			
HAVA Grant	19,673.00		19,673.00			
Health Performance Quality Improvement Grant		2,500.00	2,500.00			
Body Armor Fund		<u>2,251.31</u>	<u>2,251.31</u>			
	<u>\$ 27,336.00</u>	<u>\$ 81,912.57</u>	<u>\$ 99,583.60</u>	<u>\$ 2,001.97</u>	<u>\$ 7,663.00</u>	11-A
	A	A-2	1-A			A

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2012

Grant	Balance December 31, 2011	Transferred From 2012 Appropriations	Expended	Cancelled	Balance December 31, 2012
Body Armor Fund - 2010	\$ 1,338.99		\$ 1,338.99		\$ 77.93
Body Armor Fund - 2011	2,118.94		2,041.01		2,251.31
Body Armor Fund - 2012		\$ 2,251.31			6,518.16
Drunk Driving Enforcement Fund - 2011	8,664.65		2,146.49		5,940.43
Drunk Driving Enforcement Fund - 2012		7,456.43	1,516.00		26,620.79
Recycling Tonnage Grant - 2011	53,413.80		26,793.01		30,670.72
Recycling Tonnage Grant - 2012		30,670.72			
Clean Communities Program - 2011	24,395.37		24,395.37		24,703.22
Clean Communities Program - 2012		28,371.11	3,060.10	\$ 607.79	
Municipal Alliance on Drug and Alcohol Abuse - 2011	2,613.15		1,208.75	1,404.40	
Municipal Alliance on Drug and Alcohol Abuse - 2012		10,663.00	3,743.79		6,919.21
State and Local All Hazards Emergency Operation Planning Program	2,405.72			2,405.72	
HAVA Grant	19,673.00		19,673.00		
Health Performance Quality Improvement Grant - 2012		2,500.00	119.66		2,380.34
	<u>\$ 114,623.62</u>	<u>\$ 81,912.57</u>	<u>\$ 86,036.17</u>	<u>\$ 4,417.91</u>	<u>\$ 106,082.11</u>
State Grants Receivable	Reference	A	1-A	A	A
Operations	10-A	A-3			
			\$ 2,001.97		
			2,415.94		
			<u>\$ 4,417.91</u>		

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>				
General Administration:				
Other Expenses	\$ 2,271.23	\$ 3,588.10	\$ 3,539.17	\$ 48.93
Elections:				
Other Expenses	1,039.94	39.94		39.94
Financial Administration (Treasury):				
Salaries and Wages	758.44	758.44		758.44
Other Expenses	84.30	84.30	50.00	34.30
Revenue Administration (Tax Collection):				
Salaries and Wages	3,010.94	3,010.94		3,010.94
Other Expenses	637.98	637.98	316.80	321.18
Tax Assessment Administration:				
Salaries and Wages	3,400.27	200.27		200.27
Other Expenses	248.56	248.56	80.00	168.56
Legal Services (Legal Department):				
Other Expenses	67.89	15,267.89	14,888.50	379.39
Engineering Services:				
Other Expenses	2,090.10	2,090.10	986.90	1,103.20
<b>LAND USE ADMINISTRATION</b>				
Farm Land/Open Space Commission:				
Other Expenses	55.00	55.00		55.00
Historical Preservation:				
Salaries and Wages	205.00	205.00		205.00
Other Expenses	843.98	843.98		843.98
Planning Board:				
Salaries and Wages	556.80	556.80		556.80
Other Expenses	100.07	100.07	76.99	23.08
Architectural Review:				
Salaries and Wages	110.00	110.00		110.00
Other Expenses	4.00	4.00	4.00	
Zoning Board of Adjustment:				
Other Expenses	2,135.69	2,135.69	344.61	1,791.08
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>				
Code Enforcement Official:				
Other Expenses	1,801.16	1,801.16	1,600.00	201.16
<b>INSURANCE</b>				
Workers Compensation	5,004.19	5,004.19		5,004.19
Employee Group Health	1,896.34	23,396.34	22,942.51	453.83
<b>PUBLIC SAFETY</b>				
Police Department:				
Salaries and Wages	3,393.51	3,393.51	1,858.85	1,534.66
Other Expenses	5,407.91	10,845.91	10,843.25	2.66
Aid To Volunteer Fire Companies	4,468.59	10,105.61	9,566.04	539.57
Fire Department:				
Other Expenses	880.30	903.43	437.45	465.98

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>PUBLIC WORKS</b>				
Streets and Road Maintenance:				
Salaries and Wages	22,065.55	5,565.55	4,636.80	928.75
Other Expenses	29,527.95	9,382.66	8,539.76	842.90
Snow Removal:				
Salaries and Wages	15,701.01	15,701.01	15,701.01	
Other Expenses	15,143.17	15,143.17	15,143.17	
Shade Tree Commission:				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	3,927.50	927.50	900.00	27.50
Recycling:				
Other Expenses	25,226.99	33,726.99	24,897.31	8,829.68
Buildings and Grounds:				
Other Expenses	110.23	910.23	903.05	7.18
Municipal Court:				
Salaries and Wages	3,694.22	3,694.22		3,694.22
Other Expenses	1,574.13	1,956.93	376.80	1,580.13
<b>HEALTH AND HUMAN SERVICES</b>				
Public Health Services (Board of Health):				
Salaries and Wages	4,538.36	538.36		538.36
Other Expenses	6,318.74	2,678.52	1,705.78	972.74
Environmental Commission:				
Salaries and Wages	167.50	167.50		167.50
Other Expenses	76.08	76.08	41.50	34.58
Animal Control Services:				
Other Expenses	5,698.57	3,427.00	3,038.43	388.57
Welfare/Administration of Public Assistance:				
Other Expenses	150.00	150.00		150.00
<b>PARK AND RECREATION</b>				
Recreation Services and Programs:				
Salaries and Wages	6,780.25	780.25		780.25
Other Expenses	4,517.32	8,092.67	7,533.01	559.66
Maintenance of Parks:				
Other Expenses	97.32	1,026.51	909.20	117.31
<b>UNCLASSIFIED</b>				
Municipal Alliance on Alcoholism and Drug Abuse	506.00	506.00		506.00
<b>UTILITY EXPENSES AND BULK PURCHASES</b>				
Electricity	358.39	2,858.39	2,693.27	165.12
Street Lighting	2,978.38	2,978.38	803.08	2,175.30
Telephone (excluding equipment acquisition)	1,769.47	5,328.53	4,224.69	1,103.84
Natural Gas	551.59	2,551.59	2,314.58	237.01
Gasoline	3,854.63	14,354.63	13,805.92	548.71
Contingent		2,815.00	2,815.00	

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
STATUTORY EXPENDITURES				
Contribution To:				
Social Security System (O.A.S.I.)	2,310.28	2,310.28		2,310.28
Hurricane Irene	30,298.47	30,442.47	30,442.47	
LOSAP	57,130.00	57,130.00	41,050.00	16,080.00
INTERLOCAL MUNICIPAL AGREEMENTS				
Interlocal Service - County - 911	<u>1,077.53</u>	<u>1,077.53</u>		<u>1,077.53</u>
Total General Appropriations	<u>\$ 286,721.82</u>	<u>\$ 311,785.16</u>	<u>\$ 250,009.90</u>	<u>\$ 61,775.26</u>
	<u>Reference</u>	A	1-A	A-1
2011 Appropriations Reserves	12-A	\$ 286,721.82		
Encumbrances Payable	14-A	<u>25,063.34</u>		
		<u>\$ 311,785.16</u>		

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011

A

\$ 16,124.00

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 25,063.34
Increased By:		
2012 Budget Appropriations	A-3	<u>28,308.99</u>
		53,372.33
Decreased By:		
Transfer To Appropriation Reserves	12-A	<u>25,063.34</u>
Balance, December 31, 2012	A	<u><u>\$ 28,308.99</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF PREPAID TAXES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 460,142.82
Increased By:		
Cash Receipts:		
Collection of 2013 Taxes	1-A	<u>451,447.33</u>
		911,590.15
Decreased By:		
Amount Applied To 2012 Taxes Receivable	4-A	<u>460,142.82</u>
Balance, December 31, 2012	A	<u><u>\$ 451,447.33</u></u>

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ 0.00
Increased By:			
2012 Tax Levy:			
County Tax		\$ 8,084,901.10	
County Library Tax		470,260.15	
County Open Space Fund Tax		<u>468,892.71</u>	
	A-1,4-A		<u>\$ 9,024,053.96</u>
			9,024,053.96
Decreased By:			
Cash Disbursements	1-A		<u>9,024,053.96</u>
Balance, December 31, 2012	A		<u>\$ 0.00</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO COUNTY FOR ADDED AND OMITTED TAXES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 34,896.53
Increased By:		
County Share of 2012 Tax Levy:		
Added and Omitted Taxes	A-1,4-A	<u>9,857.12</u>
		44,753.65
Decreased By:		
Cash Disbursements	1-A	<u>34,896.53</u>
Balance, December 31, 2012	A	<u>\$ 9,857.12</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011:			
School Tax Payable	A	\$ 4,665,387.97	
School Tax Deferred	18-A	<u>2,826,100.00</u>	
			\$ 7,491,487.97
Increased By:			
Levy (School Year July 1, 2012 to June 30, 2013)	4-A		<u>20,844,176.00</u>
			28,335,663.97
Decreased By:			
Cash Disbursements	1-A		<u>20,811,602.00</u>
Balance, December 31, 2012:			
School Tax Payable	A	4,697,961.97	
School Tax Deferred	18-A	<u>2,826,100.00</u>	
			<u>\$ 7,524,061.97</u>
 <u>2012 Liability for Local District School Tax</u>			
Tax Payable, December 31, 2012	A		\$ 4,697,961.97
Tax Paid	1-A		<u>20,811,602.00</u>
			25,509,563.97
Less:			
Tax Payable, December 31, 2011	A		<u>4,665,387.97</u>
Amount Charged To 2012 Operations	A-1		<u>\$ 20,844,176.00</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011:			
School Tax Payable	A	\$ 4,254,166.92	
School Tax Deferred	19-A	<u>1,523,600.00</u>	
			\$ 5,777,766.92
Increased By:			
Levy (School Year July 1, 2012 to June 30, 2013)	4-A		<u>11,965,844.39</u>
			17,743,611.31
Decreased By:			
Cash Disbursements	1-A		<u>12,000,007.89</u>
Balance, December 31, 2012:			
School Tax Payable	A	4,220,003.42	
School Tax Deferred	19-A	<u>1,523,600.00</u>	
			<u>\$ 5,743,603.42</u>
 <u>2012 Liability for Regional High School Tax</u>			
Tax Payable, December 31, 2012	A		\$ 4,220,003.42
Tax Paid	1-A		<u>12,000,007.89</u>
			16,220,011.31
Less:			
Tax Payable, December 31, 2011	A		<u>4,254,166.92</u>
Amount Charged To 2012 Operations	A-1		<u>\$ 11,965,844.39</u>

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE AND LOCAL AGENCIES

Year ended December 31, 2012

<u>Description</u>	Balance December 31, 2011	Cash Received	Cash Disbursed	Balance December 31, 2012
Due To State - Marriage Licenses	<u>\$ 125.00</u>	<u>\$ 1,100.00</u>	<u>\$ 1,000.00</u>	<u>\$ 225.00</u>
	<u>\$ 125.00</u>	<u>\$ 1,100.00</u>	<u>\$ 1,000.00</u>	<u>\$ 225.00</u>
<u>Reference</u>	A	1-A	1-A	A

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2012

<u>Description</u>	Balance December 31, 2011	<u>Increased</u>	Cash <u>Disbursements</u>	Balance December 31, 2012
Alcohol Education Rehabilitation Fund	\$ 532.70			\$ 532.70
Master Plan	25,070.75			25,070.75
Tax Appeals	150,000.00			150,000.00
Cable/Board of Ed. Hook-up	10,000.00			10,000.00
State Library Aid	66.40	\$ 185.00	\$ 63.89	187.51
	<u>\$ 185,669.85</u>	<u>\$ 185.00</u>	<u>\$ 63.89</u>	<u>\$ 185,790.96</u>
<u>Reference</u>	A	1-A	1-A	A

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE

Year ended December 31, 2012

<u>Resolution Number</u>	<u>Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Increase</u>	<u>Balance December 31, 2012</u>
2012-139	Extraordinary Expenses Resulting from Damage Caused by Superstorm Sandy	12/21/12	01/24/13	0.00%	\$ 0.00	\$ 1,500,000.00	\$ 1,500,000.00
2012-154	Extraordinary Expenses Resulting from Damage Caused by Superstorm Sandy	12/21/12	01/24/13	0.00%	—	1,000,000.00	1,000,000.00
					<u>\$ 0.00</u>	<u>\$ 2,500,000.00</u>	<u>\$ 2,500,000.00</u>
				<u>Reference</u>	A	1-A	A

TRUST FUND  
SCHEDULES

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## TRUST - OTHER FUND

## SCHEDULE OF CASH - TREASURER

Year ended December 31, 2012

	<u>Reference</u>	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2011	B	\$ <u>3,378.92</u>	\$ <u>4,201,656.00</u>
Increased By Receipts:			
Dog License Fees - Municipal Share	2-B	4,715.40	
Dog License Fees - State Portion	3-B	737.40	
Due To Third Parties	4-B		178,728.25
Reserve for Various Trusts	5-B		<u>8,674,526.74</u>
		<u>5,452.80</u>	<u>8,853,254.99</u>
		<u>8,831.72</u>	<u>13,054,910.99</u>
Decreased By Disbursements:			
Investment	B		2,500,000.00
Expenditures Under R.S. 4:19-15.11	2-B	3,153.19	
Dog License Fees - State Portion	3-B	737.40	
Due To Third Parties	4-B		173,964.61
Reserve for Various Trusts	5-B		<u>8,690,790.47</u>
		<u>3,890.59</u>	<u>11,364,755.08</u>
Balance, December 31, 2012	B	\$ <u><u>4,941.13</u></u>	\$ <u><u>1,690,155.91</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## ANIMAL CONTROL FUND

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	B	\$ 3,378.92
Increased By:		
Dog License Fees Collected - Municipal Share	1-B	<u>4,715.40</u>
		8,094.32
Decreased By:		
Expenditures Under R.S. 4:19-15.11	1-B	<u>3,153.19</u>
Balance, December 31, 2012	B	<u>\$ 4,941.13</u>

## License Fees Collected:

2010 Fees \$	4,875.60
2011 Fees	<u>4,578.00</u>
	<u>\$ 9,453.60</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY DEPARTMENT OF HEALTH

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	B	\$ 0.00
Increased By:		
2012 License Fees	1-B	<u>737.40</u>
		737.40
Decreased By:		
Payments	1-B	<u>737.40</u>
Balance, December 31, 2012	B	<u><u>\$ 0.00</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE TO THIRD PARTIES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	B	\$ 2,112.50
Increased By:		
Cash Receipts	1-B	<u>178,728.25</u>
		180,840.75
Decreased By:		
Cash Disbursements	1-B	<u>173,964.61</u>
Balance, December 31, 2012	B	<u>\$ 6,876.14</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUSTS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Cash <u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2012</u>
Montrose Road Schoolhouse				
Donations	\$ 975.00	\$ 750.00	\$ 91.18	\$ 1,633.82
Historical Preservation	15,086.98	3.00	5,914.81	9,175.17
Uniform Fire Safety Act Penalties	10,926.33	14,841.17	21,616.77	4,150.73
Law Enforcement Trust Fund	4,805.97	267.07	3,164.69	1,908.35
Schlesinger Estate	36,362.99		1,500.00	34,862.99
Unemployment Trust Fund	310.82			310.82
Tax Collector Trust Fund	224,600.00	430,186.61	465,963.43	188,823.18
Construction Code Fees	112,244.94	588,922.01	544,403.24	156,763.71
Tree Removal	436.94			436.94
Senior Center Donations	32,513.99	161.78		32,675.77
Equitable Dividend	311.67			311.67
Donations to the Library	1,090.08			1,090.08
Snow Removal	1,585.01	28,733.46	14,262.50	16,055.97
Bid Opening	4,560.00			4,560.00
P.O.A.A. Fines	221.00	6.00		227.00
Public Defender		4,800.00	4,800.00	
S.C.A.R.T.		620.00	460.00	160.00
Police Donations	12,115.60	2,000.00	1,330.00	12,785.60
Farmland Preservation	414,865.80	462,217.32	384,620.86	492,462.26
County DWI Task Force	1,966.39			1,966.39
Fair Housing	18,531.90		2,247.50	16,284.40
COAH	446,819.76	72,998.50	77,327.50	442,490.76
Developers' Fees for Engineering and Cash Performance Bonds	2,856,969.34	299,887.27	395,760.79	2,761,095.82
Payroll Agency		5,254,816.33	5,254,816.33	
Medical Insurance		1,512,010.87	1,512,010.87	
Alliance Against Substance Abuse	2,242.99	305.17	500.00	2,048.16
Flexible Spending Account		1,000.18		1,000.18
	<u>\$ 4,199,543.50</u>	<u>\$ 8,674,526.74</u>	<u>\$ 8,690,790.47</u>	<u>\$ 4,183,279.77</u>

Reference

B

1-B

1-B

B

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	B		\$ 374,799.39
Increased By:			
Township Contributions	7-B	\$ 41,050.00	
Appreciation on Investments	7-B	<u>44,593.74</u>	
			<u>85,643.74</u>
			460,443.13
Decreased By:			
Withdrawals	7-B	1,476.61	
Accounting Charges	7-B	<u>2,050.00</u>	
			<u>3,526.61</u>
Balance, December 31, 2012	B		<u><u>\$ 456,916.52</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	B		\$ 374,799.39
Increased By:			
Township Contributions	6-B	\$ 41,050.00	
Appreciation on Investments	6-B	<u>44,593.74</u>	
			<u>85,643.74</u>
			460,443.13
Decreased By:			
Withdrawals	6-B	1,476.61	
Accounting Charges	6-B	<u>2,050.00</u>	
			<u>3,526.61</u>
Balance, December 31, 2012	B		<u><u>\$ 456,916.52</u></u>

GENERAL CAPITAL FUND  
SCHEDULES

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF CASH - TREASURER

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	C		\$ 1,028,783.22
Increased By:			
Budget Appropriations:			
Bond Anticipation Notes	6-C	\$ 4,705,991.00	
Capital Improvement Fund	9-C	<u>185,800.00</u>	
			<u>4,891,791.00</u>
			5,920,574.22
Decreased By:			
Bond Anticipation Notes	6-C	1,933,550.00	
Improvement Authorizations	8-C	<u>1,782,948.00</u>	
			<u>3,716,498.00</u>
Balance, December 31, 2012	C		<u>\$ 2,204,076.22</u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

Year ended December 31, 2012

	Balance December 31, <u>2012</u>
Capital Improvement Fund	\$ 67,729.00
Fund Balance	167.71
Grant Receivable	(43,750.00)
Reserve for:	
Purchase of Fire Truck	7,182.00
Debt Service	142,808.68
Excess Financing - Green Acres Loan	3,774.42

<u>Ordinance Date/Number</u>	<u>Improvement Description</u>	
2001-03	Rehabilitation of Affordable Housing - RCA	171,439.00
2005-15	Acquisition of Property	4,133.22
2008-03	Acquisition of Hammond and Amdur Farm	38,242.55
2008-07	Various Capital Improvements	7,086.61
2009-10	Various Capital Improvements/Equipment	11,920.00
2009-19	Acquisition of Affordable Housing Units	37,500.00
2010-05	Various Capital Improvements/Equipment	4,147.73
2010-08	Acquisition/Refurbishment of Property	43,000.00
2010-14	Improvements To Heyers Mill Road, Phase II	72,124.14
2011-04	Various Capital Improvements/Equipment	16,014.19
2011-09	Various Capital Improvements/Equipment	1,527,473.33
2012-10	Various Capital Improvements/Equipment	93,083.64
		<u>\$ 2,204,076.22</u>

Reference

C,1-C

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	C		\$ 7,298,659.02
Increased By:			
Refunding Bonds Issued	5-C		<u>5,340,000.00</u>
			12,638,659.02
Decreased By:			
Refunding Bonds Issued	5-C	\$ 5,340,000.00	
Bonds Funded By Premium	5-C	169,000.00	
Bonds Paid By Budget Appropriations:			
General Serial Bonds	5-C	520,000.00	
Green Trust Loans	7-C	<u>9,167.74</u>	
			<u>6,038,167.74</u>
Balance, December 31, 2012	C		<u>\$ 6,600,491.28</u>







TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PROGRAM

Year ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2011	Decrease	Balance December 31, 2012
			Date	Principal and Interest				
Laird Road Recreation Area Development	06/25/01	\$ 89,000.00	03/25/12-21	Various	2.00%	\$ 47,667.01	\$ 4,603.87	\$ 43,063.14
Laird Road Recreation II	08/06/02	90,000.00	05/06/12-22	Various	2.00%	52,766.43	4,563.87	48,202.56
						\$ 100,433.44	\$ 9,167.74	\$ 91,265.70

Reference C C 3-C C

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2012

Ordinance Number/Date	Improvement Description	Ordinance Date	Amount	Balance December 31, 2011		2012 Authorizations Deferred Charges To Future Taxation Unfunded	Capital Improvement Fund	Paid or Charged	Authorizations Cancelled	Balance December 31, 2012	
				Funded	Unfunded					Funded	Unfunded
2001-03	Rehabilitation of Affordable Housing - RCA	01/30/01	\$ 3,100,000.00	\$ 182,749.00						\$ 171,439.00	
2005-06	Development Rights for DeGroot Property	03/20/05	1,800,000.00	4,062.50							\$ 4,133.22
2005-15	Acquisition of Property	06/29/05	2,325,000.00		\$ 8,272.72						
2008-03	Acquisition of Hammond and Amdur Farm	03/12/08	800,000.00	38,242.55						36,242.55	
2008-07	Various Capital Improvements	05/14/08	396,000.00	7,086.61						7,086.61	
2009-10	Various Capital Improvements/Equipment	05/27/09	125,000.00	11,920.00						11,920.00	
2009-19	Acquisition of Affordable Housing Units	11/12/09	750,000.00	37,500.00	712,500.00					37,500.00	712,500.00
2010-05	Various Capital Improvements/Equipment	11/10/10	151,250.00	18,955.93						14,808.20	
2010-08	Acquisition/Refurbishment of Property	08/11/10	73,339.00	43,345.00	82,131.36					345.00	
2010-14	Improvements To Heyers Mill Road, Phase II	11/10/10	300,000.00	93,601.74						10,007.22	
2011-04	Various Capital Improvements/Equipment	05/11/11	158,000.00	348,004.00	2,772,441.00					77,587.55	
2011-09	Various Capital Improvements/Equipment	11/30/11	3,121,255.00							1,592,971.67	
2012-04	Refunding of General Obligation Serial Bonds	03/14/12	6,500,000.00			\$ 6,500,000.00			\$ 6,500,000.00		1,527,473.33
2012-10	Various Capital Improvements/Equipment	05/09/12	160,800.00				\$ 160,800.00			67,716.36	
				\$ 785,467.33	\$ 3,575,345.08	\$ 6,500,000.00	\$ 160,800.00	\$ 1,782,948.00	\$ 6,500,000.00	\$ 422,433.72	\$ 2,316,230.69

Reference

C

C

4-C,12-C

9-C

1-C

4-C,12-C

C

C,4-C

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 42,729.00
Increased By:		
2012 Budget Appropriations	1-C	<u>185,800.00</u>
		228,529.00
Decreased By:		
Improvement Authorizations Funded	8-C	<u>160,800.00</u>
Balance, December 31, 2012	C	<u><u>\$ 67,729.00</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PURCHASE FIRE TRUCK

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011

C

\$ 7,182.00

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS AND INTERGOVERNMENTAL RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 193,750.00
Decreased By:		
Transfer to Reserve for Debt Service	11-C	<u>150,000.00</u>
Balance, December 31, 2012	C	<u>\$ 43,750.00</u>

TOWNSHIP OF COLTS NECK  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2012

<u>Ordinance Number/Date</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>Increased By 2012 Authorizations</u>	<u>Notes Issued</u>	<u>Cancelled</u>	<u>Balance December 31, 2012</u>	
2009-19	Acquisition of Affordable Housing Units	\$ 712,500.00				\$ 712,500.00	
2011-09	Various Capital Improvements/Equipment	2,772,441.00		\$ 2,772,441.00			
2012-04	Refunding of General Obligation Serial Bonds		\$ 6,500,000.00		\$ 6,500,000.00		
		<u>\$ 3,484,941.00</u>	<u>\$ 6,500,000.00</u>	<u>\$ 2,772,441.00</u>	<u>\$ 6,500,000.00</u>	<u>\$ 712,500.00</u>	
	<u>Reference</u>	12-C	4-C,8-C	6-C	12-C		12-C

GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULES

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF LAND

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011	D	<u>\$ 19,695,421.69</u>
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TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF BUILDINGS AND IMPROVEMENTS

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 3,602,612.00
Increased By Additions:		
Buildings and Improvements	D-1	<u>117,496.00</u>
		3,720,108.00
Decreased By Deletions:		
Buildings and Improvements	D-1	<u>3,879.00</u>
Balance, December 31, 2012	D	<u><u>\$ 3,716,229.00</u></u>

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL FIXED ASSETS ACCOUNT GROUP

## SCHEDULE OF MACHINERY, EQUIPMENT AND VEHICLES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 6,522,533.56
Increased By Additions:		
Machinery, Equipment and Vehicles	D-1	<u>627,480.00</u>
		7,150,013.56
Decreased By Deletions:		
Machinery, Equipment and Vehicles	D-1	<u>1,300,561.56</u>
Balance, December 31, 2012	D	<u>\$ 5,849,452.00</u>

COMMENTS SECTION

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

An audit of the financial accounts and transactions of the Township of Colts Neck, County of Monmouth, New Jersey ("Township") for the year ended December 31, 2012, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

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

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Cash balances were reconciled with independent certifications obtained directly from the depositories.

Investments were verified by physical inspection, or by independent certifications obtained directly from the depositories.

Revenues and receipts were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S. 40A:11-4 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 (40A:11-3), 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 governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder".

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

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

The minutes indicate that bids were requested by public advertising for the following items:

- Roadway Improvements
- Triple Combination Pumper
- High Reach Front End Wheel Loader
- Use of Township Property for Agricultural Purposes
- Land Lease for Construction of Monopole on Block 43, Lot 2.03
- Clean Up Day Containers

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles", other than where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6. 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.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of authorizing interest and the maximum rate to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 7, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Colts Neck as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Collection of Interest on Delinquent Taxes and Assessments (continued)

2. Effective January 7, 2012, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph 2 of this Resolution shall be charged interest from the due date as set forth in paragraph 1 of this Resolution.

Tax Sale

The last tax sale was held on December 11, 2012 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	1
2011	1
2010	1

Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payment was made in accordance with the regulations of the Division of Local Government Services. We examined subsequent and current cash collections to determine if monies owed are properly collected.

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Comparative Statement of Operations  
and Changes in Fund Balance - Current Fund

	2012		2011	
	Amount	Percent	Amount	Percent
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,086,000.00	2.08 %	\$ 1,010,000.00	1.92 %
Miscellaneous - From Other Than Local Property Tax Levies	3,338,986.20	6.40	3,428,913.39	6.53
Collection of Delinquent Taxes and Tax Title Liens	327,309.97	0.63	705,757.97	1.34
Collection of Current Tax Levy	47,388,398.02	90.89	47,375,248.11	90.20
Total Revenues	52,140,694.19	100.00 %	52,519,919.47	100.00 %
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	11,535,904.09	21.46 %	9,235,116.84	18.02 %
County Taxes	9,033,911.08	16.81	8,845,987.47	17.26
Local and Regional School Taxes	32,810,020.39	61.04	32,795,225.89	63.99
Open Space Tax	368,185.85	0.69	369,611.17	0.72
Other Expenditures	1,755.88	0.00	4,548.41	0.01
Total Expenditures	53,749,777.29	100.00 %	51,250,489.78	100.00 %
Excess in Revenue	(1,609,083.10)		1,269,429.69	
Adjustments To Income Before Fund Balance				
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year				
Emergency Appropriation			145,000.00	
Special Emergency Authorization	2,500,000.00			
Statutory Excess To Fund Balance	890,916.90		1,414,429.69	
Fund Balance, January 1	1,763,843.16		1,359,413.47	
	2,654,760.06		2,773,843.16	
Decreased By:				
Utilized as Anticipated Revenue	1,086,000.00		1,010,000.00	
Fund Balance, December 31	\$ 1,568,760.06		\$ 1,763,843.16	

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 1.570	\$ 1.551	\$ 1.537

Apportionment of Tax Rate

Municipal	.206	.200	.195
County	.294	.286	.292
Local School	.680	.674	.667
Regional High School	.390	.391	.383

Assessed Valuations

2012	\$ 3,068,215,375		
2011		\$ 3,080,093,167	
2010			\$ 3,112,913,206

Comparison of Tax Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	\$ 48,247,648.13	\$ 47,388,398.02	98.22%
2011	47,957,104.70	47,375,248.11	99.09
2010	47,976,266.60	46,730,513.45	97.46

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Comparative Schedule of Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 27,114.80	\$ 637,947.32	\$ 665,062.12	1.38%
2011	22,877.37	354,592.90	377,470.27	0.79
2010	20,225.24	727,879.87	748,105.11	1.56

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, was as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 168,000.00
2011	169,000.00
2010	169,000.00

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Deferred School Taxes</u>
2012	\$ 1,568,760.06	\$ 994,000.00*	\$ 4,349,700.00
2011	1,763,843.16	1,086,000.00	4,349,700.00
2010	1,359,413.47	1,010,000.00	4,349,700.00
2009	2,451,817.52	2,300,000.00	3,799,700.00
2008	2,613,860.39	2,236,650.00	2,999,700.00

\* Budget not adopted as of the date of this report

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Officials In Office and Surety Bonds

<u>Name</u>	<u>Title</u>
Jarrett Engel	Mayor
Michael Fitzgerald	Deputy Mayor
James C. Schatzle	Committeeman
Thomas Orgo	Committeeman
Russell Macnow	Committeeman
Robert H. Bowden	Administrator, Clerk, Assessment Searcher
John D. Antonides	Chief Financial Officer, Tax Collector, Tax Search Officer, Qualified Purchasing Agent *
Kelly McCormick	Deputy Treasurer/Collector
Beth Kara Tumminia	Administrative Secretary, Secretary to the Township Committee, Deputy Clerk, Website Coordinator
Ruth Leninger	Registrar of Vital Statistics
Richard B. Thompson	Municipal Judge
Kathy Krause	Court Administrator, Violations Clerk (11/2/12 – 12/31/12)
Kathleen Chieffo	Acting Court Administrator, Acting Violations Clerk (1/1/12 – 11/1/12)
Henry Salerno	Construction Code Official
Robert Corby	Building Sub-Code Official, Building Inspector
Thomas Frank	Health Officer
Thomas Hennessy	Recreation Director
Eldo Magnani	Tax Assessor
Glenn Gerken	Engineer
John O. Bennett, III	Attorney

\*Public Employees Faithful Performance Coverage under a multi-peril policy carried with a coverage of \$1,000,000.00, through MID Jersey Joint Insurance Fund.

All bonds were examined and appear to be properly executed.

INTERNAL CONTROL SECTION



HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

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

Honorable Mayor and Members  
of the Township Committee  
Township of Colts Neck, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Colts Neck (herein referred to as "the Municipality"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated March 19, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

However, we noted certain other matters that have been reported to the administration of the Township and reported within our Comments and Recommendations.

The Township's response to the findings identified in our audit is described in the accompanying Comments and Recommendations. We did not audit the Township's response and, accordingly, we express no opinion on it.

## Purpose of this Report

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



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

March 19, 2013  
Freehold, New Jersey

COMMENTS AND RECOMMENDATIONS

TOWNSHIP OF COLTS NECK  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2012

Other Matters

Internal Controls

During our audit of the Township's Internal Controls the following, was noted:

Finding #2012-1

- Fees collected by the Construction Department were not in agreement with the fee ordinance.
- Several Recreation Department deposits tested were not deposited within 48 hours as required by Statute.

In order to improve the Township's Internal Controls, we recommend the following:

- All fees collected be in agreement with the fee ordinance.
- All deposits are made within 48 hours as required by State Statute.

Finding #2012-2

During our audit of the Township's Municipal Court, we noted that tickets assigned to an officer but not issued are outstanding for more than 6 months.\*

In order to improve controls over the Township's Municipal Court, we recommend tickets assigned to an officer but not issued be reviewed regularly and kept current.

\* Repeat comment from prior year

Township  
City, Town, Boro or Twp.

of

Colts Neck  
Municipality

Monmouth  
County

Form of Reporting Dog Licenses Issued Pursuant to N.J.S.A. 4:19-15.1 et seq., as amended by Chapter 168, P.L. 1978 and Chapter 235, P.L. 1981.

Auditor Holman Frenia Allison, P.C.

Address 912 Highway 33, Suite 2

Freehold, NJ 07728

	1 Yr.	3 Yr.	
Dog License Fee - Minimum	\$ 1.50	\$ 4.50	Kennel License - In Excess of 10 Dogs
Dog License Fee - Maximum	21.00	63.00	Kennel License - Not in Excess of 10 Dogs
(Where there is no Local Ordinance, the fee shall be \$1.50, 1 year and \$4.50, 3 years)			Pet Shop License
State Registration Fees:			
1 Year License --	\$ 1.00		"Service", "Hearing Ear" and "Seeing Eye" Dogs Licenses are to be issued without fees
3 Year License --	\$ 3.00		

YEAR 2012

License Numbers From To	Rate	Total Fees	Municipal License	Kennel License	Seeing Eye	State Registration Fees
Spayed 436	\$ 10.00	\$ 4,360.00	\$ 3,836.80			\$ 523.20
Non-Spayed 47	15.00	705.00	507.60			197.40
No Municipal Fee:						
Spayed 14	1.20	16.80				16.80
Non-Spayed 0	4.20	0.00				0.00
Replacements 1	1.00		1.00			
Late/Misc. Fees			370.00			
TOTALS 498		\$ 5,081.80	\$ 4,715.40			\$ 737.40
Add: Prior Balance Due State Treasurer December 31, 2011						0.00
Remitted To State Treasurer						737.40
Balance Due State Treasurer December 31, 2012						737.40
						\$ 0.00

Memo to Auditor: If three-year licenses are issued, prepaid license fees must be set up in the Dog License Fund; however, the state registration fees are due 30 days after collection.